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# ***Daily Report***

# **Latin America**

FBIS-LAT-92-123  
Thursday  
25 June 1992

# Daily Report

## Latin America

FBIS-LAT-92-123

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25 June 1992

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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### **Mexico**

Mexico City TV reports on a news conference given by officials involved in the negotiations between the governments of Mexico and the United States "regarding the revision of the bilateral extradition treaty as well legal cooperation and the fight against drug trafficking." Deputy Secretary of Foreign Relations Andres Rozental said "the United States has offered guarantees of strict respect for Mexican sovereignty, territory, public order, and laws." U.S. Ambassador John Negroponte said "the issues and proposals that were discussed will be reviewed in Washington and the dialogue will be resumed as soon as possible."

### **Haiti**

CANA reports former President Aristide has called for "rigid enforcement of the embargo" against Haiti and said he would not talk with Prime Minister Bazin. He also ruled out "direct foreign military intervention" as a way to remove the current government.

### **El Salvador**

San Salvador radio carries a news conference with President Cristiani. He discusses loans and refinancing for persons "affected by the armed conflict." He also discusses coffee production and the possibility of creating a "special coffee stabilization fund." Cristiani announces that Ernesto Altschul is the new communications secretary for the Presidency. Cristiani states that he hopes that the assembly of FMLN forces in specific areas will be "100 percent complete," within two days.

### **Brazil**

In an interview with VEJA, former Deputy Renan Calheiros said an influence peddling "scheme" by President Collor's associate Paulo Cesar Farias "diverted public funds" and "badly damaged" the government. Calheiros said he would be "very pleased" to testify before the CPI, and that the possibility of the CPI impeaching President Collor did not "worry" him, nor should it worry "patriots." Calheiros said "the facts are already there" and it was up to the president to "speak clearly and deny them, if he can."

O ESTADO DE SAO PAULO reports that the CPI chairman told the justice minister that evidence submitted to the committee "so far" did not "directly" involve President Collor in any of the charges against Paulo Cesar Farias. The CPI chairman asked the justice minister to promote a "more prompt" exchange of information between the CPI and the Federal Police.

### **Venezuela**

President Perez speaking on Army Day on Caracas TV stated, "I will not renounce this high position until a fellow countryman, elected by the people in secret and general elections, replaces me as president on the appointed date and at the National Congress." He also stated that "the Armed Forces is an excellent example for us; it has fulfilled its constitutional duties and shown us that unity is the firm foundation on which to build and strengthen solidarity among Venezuelans." He said attempts to undermine our Armed Forces' unity have been useless and "We proudly affirm the trust and faith of the Venezuelan people in the Armed Forces. We will make the Armed Forces' display of unity a symbol of what we all must do to restore trust and together advance along the path of rectification..."

## Cuba

## Alarcon Says 'No Change' in Foreign Policy

FL2406145292 Havana Tele Rebelde and Cuba  
Vision Networks in Spanish 0000 GMT 24 Jun 92

[Text] Today at noon, new Cuban Foreign Minister Ricardo Alarcon de Quesada was introduced to the diplomatic corps accredited in Havana. After being greeted by the diplomatic corps, the new foreign minister made statements to the press denying rumors that his appointment was related to a change in Cuban foreign policy.

[Begin Alarcon recording] Cuban foreign policy has been the same since the beginning of the revolution. Its foundations—which are the defense of socialism, the defense of national independence, and international solidarity—are and have always been the constants of that policy and they will continue being just that. There has been a change of individuals and comrades but there has been absolutely no change in policy. [end recording]

Alarcon de Quesada said that to confront the challenge of a unipolar world, the Third World must organize itself and act in a coordinated manner. When this happens, Alarcon added, U.S. hegemonic aspirations will be isolated. An example of this was the recent Earth Summit in Brazil.

[Begin recording] [Reporter] You recently headed the Cuban mission to the United Nations for two years.

[Alarcon] Yes.

[Reporter] You were able to set a very rapid pace, and as a good Cuban you were a fighter in the diplomatic atmosphere of the United Nations. Do you consider that this new appointment is different from the role you were carrying out?

[Alarcon] It is a different perspective, but it is part, and it should be part, of an integrated effort. We have brought with us the same spirit, style, and line that we followed in the United Nations, and Comrade Alcibíades Hidalgo will also follow that same line in New York. [end recording]

## Sanchez-Parodi Analyzes Torricelli Bill

FL2406151592

[Editorial Report] Havana Cuba Vision Network in Spanish at 0134 GMT on 20 June broadcasts the "International View" program on the subject of the Torricelli bill. Program host Valentin Rodriguez begins by introducing his guest, Vice Foreign Minister Ramon Sanchez-Parodi.

Rodriguez asks what the Torricelli bill is. Sanchez-Parodi answers that the Torricelli bill has to be viewed within "the context of the U.S. policy of aggression and hostility against Cuba, the context of the policy of embargo, the policy of aggression, a policy which in

practice is trying to commit economic genocide against the Cuban people." Sanchez-Parodi adds that since the beginning of George Bush's term, and concurrently with the changes in East Europe and the Soviet Union, the U.S. Administration thought that the time had come to eliminate the revolution, which it has not been able to do for 30 years; to this end, it has maintained a policy of pressure and has tried to tighten economic pressures against Cuba.

Sanchez-Parodi reads a 1985 report by the UN secretary general regarding economic coercion: "The UN Trade and Development Conference, UNCTAD, also defined an economic embargo as the total breaking of the economic ties of one country with another or others. Furthermore, the state imposing this sanction tries to make third countries break their economic ties with the country affected by the economic embargo. By its nature, the economic embargo cannot be considered a measure applicable in peacetime."

Sanchez-Parodi adds that in order for Torricelli to further his political ambitions, he decided to develop this bill, which attempts to reinvent the embargo because it had fallen out of the spotlight in the United States "due to its inefficiency and ineffectiveness." Rodriguez comments that, contrary to what the U.S. ultraconservative sector is claiming, this is nothing new. Sanchez-Parodi states that Torricelli has simply camouflaged the embargo in a mask of democracy and that President Bush acknowledged in a letter endorsing the bill that "the Torricelli bill does the same thing that is already being done, and with a few changes the Torricelli bill would be the same as what is being done."

Rodriguez asks who Torricelli is. Sanchez-Parodi says that New Jersey Representative Robert Torricelli is known as a turncoat, and during the seventies was considered a liberal. Sanchez-Parodi adds that, because of his political ambitions, he is not trusted by Democratic Party leaders and is known to change sides readily. Rodriguez adds that Torricelli is a close friend of Jorge Mas Canosa and is trying to attract the votes of the 35,000 Cuban-Americans in his district. Sanchez-Parodi states that Torricelli's opportunism reflects his ambitions to become governor rather than the interests of his electorate.

Rodriguez asks Sanchez-Parodi to explain the complex decisionmaking process for U.S. foreign policy regarding Cuba and why, on 22 May, the House Foreign Affairs Committee approved an amendment to the Torricelli bill to authorize the shipment of medicine to Cuba, then annulled the amendment two weeks later. Sanchez-Parodi says that describing U.S. political mechanisms would be too time-consuming and that the complexity of the legislative branch is one of its main problems. He goes on to give a brief description of the process a bill must go through.

Sanchez-Parodi says that the House Foreign Affairs Committee has just approved the Torricelli bill, which

still has to go through other House and Senate committees. Rodriguez states that the two main supporters of the bill in the Senate are Florida Republican Senators Connie Mack and Bob Graham. Sanchez-Parodi says that the legislative branch will recess on 2 July, and there will be no time to discuss the bill before the election campaigns begin.

Rodriguez asks whether the Torricelli bill represents the interests of the administration or is a project of the Cuban lobby through the Cuban American National Foundation. Sanchez-Parodi answers that the bill "follows the same line of aggression and hostility toward Cuba as the administration's policy does. In that regard, it is not at all contrary to the administration's goals." He adds: "The administration is not promoting this bill; but because of the upcoming elections, the administration does not want to look as though it has fallen behind and is not taking the initiative."

Rodriguez asks about the U.S. public view of this debate and about the positions of politicians Ileana Ros-Lehtinen, Torricelli, and Bill Alexander. Sanchez-Parodi says that Ileana Ros-Lehtinen "most directly represents the most aggressive elements, the ones that have made a business out of the anti-Cuban position." He adds that the Torricelli bill has had a positive effect because it has generated a debate, including among those who think a change of policy should take place. Bill Alexander responds to Arkansas agricultural interests, and believes that the embargo is not accomplishing its goals while it affects U.S. interests. Sanchez-Parodi reiterates: "If something positive has come from the Torricelli bill, it is precisely that it has sparked some debate in the United States, although not as intense or profound as it should be."

Rodriguez ends the 26-minute program by saying that the voices against the embargo are not expressing support for Cuba but responding to U.S. economic interests.

#### Magazine Publishes Article Urging Plebiscite

PA2506034692 Mexico City NOTIMEX in Spanish  
2140 GMT 23 Jun 92

[Text] Havana, 23 Jun (NOTIMEX)—In an unusual editorial, Cuba's LA GACETA published this week an article by Jesus Diaz entitled: "The Serpent's Rings." The article criticizes the communist leadership and proposes that a plebiscite be held in Cuba.

The publication, the organ of the Cuban Union of Writers and Artists (UNEAC), presented Diaz' article. Diaz is now considered a dissident. He played a major role among Cuba's revolutionary intellectuals. The article is a reply to Sociologist Fernando Martinez Heredia, a researcher with the America Studies Center and the author of several books on socialism in Cuba.

This event is unusual in Cuba, where the press does not usually present "dissident opinions" and the communist leadership holds a marked control over the press.

Diaz, who currently lives in Germany, reached fame—both outside and inside Cuba—with his novel *The Earth's Initials*. The novel deals with the contradictions and experiences of a man burdened with the pressing decision of whether or not to join the Communist Party of Cuba. The writer, who in the opinion of Martinez Heredia "deserted," also dabbled in movies. He is remembered for the film, "At a Distance" [*Lejanias*] and, more recently, "Alice in Wonder Town" [*Alicia en el Pueblo de las Maravillas*].

UNEAC published Diaz' article but explained to readers that it included "lies and untenable assertions because it does not consider the basic problem to be the conflict with the United States, which has conditioned events in Cuban history."

The novelist reviews contemporary Cuban history and contends that the victory of the 1959 revolution was prompted by a pressing nationalist conviction which resulted from the presence of the United States on the island. He also draws a similarity between the independence war against Spain in 1898 and current events: the fall of socialism in the Soviet Union and the end of the Havana-Moscow alliance.

In Diaz' opinion, the current negative situation in Cuba—called the special period by the Cubans—is the result of the U.S. embargo, the disappearance of the USSR, and "the many political and economic misdeeds committed by Cuban leaders." Diaz calls on both leftist and rightist sectors in other countries to suspend any type of solidarity actions in favor of Cuba as he believes these will further prolong "the tragic destiny" of the Caribbean island. He also criticizes the "blood and fire" repression of any type of dissidence, as well as the official "socialism or death" slogan, which he believes only means death and destruction because Cuba cannot attain socialism in its condition.

Toward the end of "The Rings of the Serpent," Diaz proposes that an internal plebiscite be held to solve the Cuban crisis. In this way, he says, "people can decide freely the political system in which they want to continue living." In exchange, he proposes that the United States lift the blockade, which has been in effect for the past three decades.

Several intellectuals view the publication of this article as the beginning of a new UNEAC policy to promote debate and the comparison of positions "in the ideological quest."

One of the most constant criticisms against the Havana regime is "its intolerance" of different points of view, which are not necessarily counterrevolutionary.

Answering Jesus Diaz's article, sociologist Martinez Heredia also favored debates "among revolutionaries" on all matters worthy of debate, "without barring any topic." He asserted that the people on the island should learn and practice respect for diverse opinions "not with

statements but with facts." He also said the richness of shades and positions should not be seen as "ideological weaknesses."

Martinez Heredia defended the socialist program on the island and stated that, despite the current changes, it had carried out profound changes in the past three decades. In his opinion, the difficulties have resulted from the adoption of "true socialist" models that deformed and limited several aspects of the program, from the need for the socialist culture to mature in Cuba, and from the consequences of the difficult economic situation.

The bimonthly LA GACETA DE CUBA was founded by Cuban poet Nicolas Guillen in 1962. It temporarily disappeared in September 1990, because of difficulties that negatively affected the editorial sector, and reappeared two months ago.

#### **Genetic Engineering Against Cane Borer Noted**

*FL2406184792 Havana Radio Rebelde Network  
in Spanish 1700 GMT 24 Jun 92*

[Text] By developing a technology for obtaining transgenic plants through what is called the (?electroporation) of intact cells, researchers at the Center for Genetic Engineering and Biotechnology have just made a contribution on the international level. This makes it possible to introduce a gene into a given plant in order to make it resistant to the cane borer. Thus, when the insect tries to eat the plant, it will die.

According to biophysicist Guillermo Celman, the head of the center's Plants and Fertilizers Division, obtaining for the first time in the world a sugarcane variety that has been transformed by genetic engineering was a challenge for us, as we are the greatest sugar producers. The objective of the basic work being carried out in the center's laboratories is to give plants such as sugarcane, potato, tobacco, boniato, cabbage, and others greater resistance to insects and viruses.

#### **\* Editorial Criticizes 'Passive' Work Ethic**

*92CA0169A Havana TRABAJADORES in Spanish  
25 May 92 p 2*

[Text] The country is moving increasingly toward change in many aspects of its reorganization of the domestic economy and in which initiative and creative management play a most fundamental role.

This is now one of the priorities in upgrading state and administrative labor because we need to seek ways of expanding production capacities through national prescriptions that will revive the domestic economy and cope with the limitations in material resources that the abrupt cutoff of traditional markets has imposed on us.

This new attitude can be seen among those who are eagerly employing new methods and leadership styles in

the so-called culture of local resistance, which largely means better management in an ongoing effort to solve problems at the local level.

We are showing that we have not exhausted our potential if we uproot the transplanted vices that have led to complacency and dependence on superiors to find solutions.

In other words, this is a pitched battle against the mediocrity of those who seek to transfer the their decision making or who wait for resources to fall on them like manna from heaven, thus turning inertia into a new outbreak of fatalism.

The government is increasingly promoting approaches to work that will foster the search for alternatives and make the socialist enterprise an efficient unit in which creativity is utilized fully to resolve problems, in keeping with the principle that commitment to a sector, an enterprise, or a local area must never come before the national interest and discipline.

Convincing proof of these efforts is the dedicated work of scientists, innovators, and efficiency experts, whose mounting accomplishments in several agricultural and industrial branches show true promise and demonstrate that we have our own approaches to working on ways out of the special period.

These approaches emphasize an awareness that greater integration and cooperation in the domestic economy are indispensable and that efforts must focus on making maximum use of current levels of industrialization and brainpower, which can be devoted still more to resolving all possible problems through domestic production.

This approach of integration and cooperation represents a major reserve that can multiply the country's production potential and bring greater development, while decisively countering the sort of mind-set that still favors imports and underestimates the country's ability to meet certain demands.

This negative mind-set manifests itself in the behavior of those who at this juncture still think that the preferred solution is to buy materials and equipment overseas that the country can produce domestically. They are forgetting that by spending a little here at home we would not only save foreign exchange but also do more to revive industries or services, expand job opportunities, lower costs, and begin the overhaul of the domestic market.

The same goes for the people who are not doing all they can to find domestic substitutes for components and equipment that often cause delays in major investments or that shut down certain projects under the pressure to acquire these resources overseas when we do not have enough foreign exchange or cannot enter the market.

It is not pointless to reiterate that we are working under extremely adverse conditions and amid incredible persecution by the United States as it tries to blockade us in every respect in a vain effort to bring about an internal

collapse by insidiously creating situations that we cannot overcome through our material capacities.

Nothing in our lives will ever again be the same as before the special period, especially the obsolete, path-of-least-resistance mind-set that made the nation so dependent, as many grew used to being passive consumers instead of being determined to perform as producers.

The only way for us to pull through more quickly and to achieve greater well-being amid so many external obstacles is to change our work habits substantially.

### Haiti

#### Aristide Rejects Bazin Talks; Supports Embargo

FL2406195592 Bridgetown CANA in English  
1759 GMT 24 Jun 92

[By Paget de Freitas]

[Text] Kingston, Jamaica, June 24, CANA—Deposed Haitian President Jean-Bertrand Aristide called Tuesday night [23 June] for rigid enforcement of the embargo on the military-backed regime in Port-au-Prince and insisted that he would not talk to recently installed Prime Minister Marc Bazin.

"What we want is for those who support us...to pass from beautiful statements to action," Aristide told journalists here. Aristide is on a two-day visit to Jamaica—his third since his overthrow last September. He continued to rule out direct foreign military intervention to remove the current government.

"About military intervention, we continue to say no," he said. But Aristide brushed aside Bazin's call for talks and rejected suggestions that he might be making a strategic blunder in not having dialogue with the administration. He did not believe that the Haitian issue was falling off the hemispheric agenda or that Bazin's reputation as a technocrat, having worked with the International Monetary Fund, would undermine international support for the deposed presidency.

"For us, real politics means supporting our Constitution," Aristide said. "...The government of Bazin is an illegal government." Aristide said he was open to dialogue "with those who support democracy and who want to defend human rights. We are open to dialogue but not to violating our Constitution."

But he was clear that countries in the hemisphere could do more in maintaining the Organisation of American States-imposed embargo on Haiti, including stopping ships from going there. He also called for the cancellation of travel visas for Bazin and other supporters and promoters of the September coup.

Jamaica has been a strong supporter of the deposed Haitian leader, and 90 refugees from the neighbouring

Caribbean country are here. Aristide's Jamaica visit comes ahead of next week's summit of Caribbean Community (Caricom) leaders in Port-of-Spain, to which he has been invited. He has not decided whether he will attend, saying that it would depend on his schedule. Aristide argued that Caribbean support for Haiti was not an academic matter, saying that it could be a real issue for the region.

"They know what happened in Haiti can happen in Jamaica and can happen in any other Caribbean country," he said, pointing to the February coup attempt in Venezuela against President Carlos Andres Perez. "It is not just something for Haiti in Haiti. It is about their (the Caribbean's) reality too," he added.

Jamaica's prime minister, P.J. Patterson, Tuesday restated Jamaican support for Aristide. The official JAMPRESS news agency said that in private talks, the Jamaica leader, while opposed to an invasion of Haiti, said that Jamaica would be willing to "participate in an external security presence," once democracy has been restored, to help maintain law and order. The foreign minister, David Coore, in separate talks, also stressed that Jamaica would not recognise the regime now in power in Haiti.

"We will not recognise or have any dealings with any other government there," said Coore.

The Vatican has been the only state to so far recognise the Haitian regime, and Aristide, a Roman Catholic priest who had run afoul of his bishops and Rome, condemned the action.

"I want to know how (Pope) John Paul would react if they killed 2,000 Poles," Aristide said of the Polish-born religious leader.

#### MRN Denies Participation in Consensus Government

FL2406181392 Port-au-Prince Radio Soleil Network  
in Creole 1100 GMT 24 Jun 92

[Text] The National Reconstruction Movement (MRN) advises that it has no representative in the consensus government. According to a note issued by the party, any rumors of MRN participation in this government should be considered an attempt to show that there is consensus while, in fact, there is none. The MRN adds that it has not changed its stand on the new government and the consequences of the Villa d'Accueil Agreement on the future of the country, because it knows consensus is not possible if the country remains in isolation and if repression continues.

Signers for the MRN are Rene Theodore, Patrick Fequiere, and William Cherestal.

**Predicts Isolation, Repression**

*FL2406225092 Port-au-Prince Radio Metropole  
in French 1600 GMT 24 Jun 92*

[Text] The National Reconstruction Movement, MRN, announces that its position remains unchanged regarding Bazin's government. MRN asserts that it is not in any way associated with the Bazin government and has no representative within this government. To the MRN, the consensus of this minority is in opposition to the national will, and can only perpetuate itself through isolation and repression.

This consensus, continues MRN, only reaffirms the convictions of those who believe that putting Marc Louis Bazin in power was the basis of the political events which have torn the country apart over the past 10 months.

MRN concludes: It is not through usurpation and repression that electoral failures can be managed.

**FNCD Deputies 'Timidly Returning' to Parliament**

*FL2406231592 Port-au-Prince Radio Metropole  
in French 1600 GMT 24 Jun 92*

[Text] National Front for Change and Democracy, FNCD, deputies are timidly returning to the Lower Chamber. Several FNCD deputies were noticed yesterday, 23 June, in the House of Deputies where no session occurred for the lack of a quorum. The committee presidents in the House of Deputies were due to meet, however, to discuss the modes for the normal resumption of activities of the 45th Legislature. The FNCD parliamentarians had kept away from the sessions since the signing of the tripartite agreement as a statement of their opposition to this document.

Since the application of the Villa d'Accueil Agreement, marked by the installation of Prime Minister Marc Bazin, are the FNCD parliamentarians now ready to resume their seats in parliament or will they confirm their opposition? The answer comes from Deputy Saint-Paul:

[Begin recording] [Saint-Paul] I am a member of the presidents' conference. Since the conference was due to meet this morning, I came.

[Reporter] Will the FNCD parliamentarians participate in the session that begins today?

[Saint-Paul] I cannot say anything on that. [end recording].

The FNCD parliamentarians will be meeting with the press today.

**PSDH Calls For Participation in Government**

*FL2406180492 Port-au-Prince Radio Soleil Network  
in Creole 1100 GMT 24 Jun 92*

[Text] The Haitian Social Democrat Party [Parti Social Democrate Haitien, PSDH] hails all sectors that have

worked to participate in the consensus government and draws everyone's attention to two points. First, the prime minister must use all the country's forces to meet the challenge that the international community has issued to Haiti over the past hundred years. Second, the PSDH calls on all true sons of the country not to feel too proud to work in the government and not to wish it to fail, but rather to participate in rebuilding Haiti. According to the PSDH, failure or success will not be the failure or success of the prime minister alone, but of the entire country. This note is signed by PSDH General Coordinator Samuel Desarmes and PSDH Secretary General Jean Ilbert Lebrun.

**MDN Opposed to OAS Dictates, Aristide Return**

*FL2406181892 Port-au-Prince Tele-Haiti  
in French 1230 GMT 24 Jun 92*

[Text] Max Carre, minister of national education in the consensus government, will have to defend [as heard] the personages of the Mobilization for National Development [MDN], according to a statement by Professor Hubert de Ronceray, party leader, on 23 June.

According to De Ronceray, the Haitian political class is divided into two camps. The first, inspired by the international community, favors the OAS dictates and the return of President Jean-Bertrand Aristide to power; the second is inspired by nationalism and opposes the OAS and the return of Jean-Bertrand Aristide.

Presenting the MDN as a champion of the nationalist tendency, De Ronceray pointed out that former Provisional President Joseph Nerette and officials of the two chambers have moved away from the nationalist camp by bringing the country to a new round of negotiations.

Let us point out that on that score, the prime minister openly said that he favored negotiations with the OAS and President Jean-Bertrand Aristide for the restoration of constitutional order at any time, anywhere, without reservations, and without conditions.

**Deputy Describes Military Action Against School**

*FL2406232292 Port-au-Prince Radio Metropole  
in French 1600 GMT 24 Jun 92*

[Text] The president of the Justice Committee in the House of Deputies condemns the incidents that occurred on 19 June at the Teachers Training School [Ecole Normale Supérieure] where the students were held against their will for several hours by policemen. Deputy Edmond Mirol believes that the minister of education, the minister of justice, and the minister of the interior should explain what actually took place at the Teachers Training School on 19 June. The president of the justice committee, Deputy Edmond Mirol gives his version of the facts and explains the importance of the initiatives that he intends to take. He answers questions by Edner Jean.

[Begin recording] [Mirol] A demonstration started at the Teachers Training School the moment the prime minister was taking his oath. The door of the school was locked and the guardian was outside with the key. When the guardian was about to enter, the military seized the key, telling him that he could not go inside. They left with the key and some men remained inside. The information that we have is that it was only at around midnight that the keys were brought to these men because they could not sleep inside.

The students refused to come out. They wanted to leave before 0300 or after 0700 when the streets would be crowded. We believe that stones were also thrown at the school. The students themselves advised us that the military used the Palace of Justice from which to throw the stones at the top floor of the school. This is the report we have.

[Reporter Jean] What is your plan then? Is it to call the minister of justice or to send a letter of protest?

[Mirol] Once the committee meets we will know whether we will be calling them or sending a letter of protest. [end recording]

### University Professors Protest

FL2406233592 Port-au-Prince Radio Metropole  
in French 1600 GMT 24 Jun 92

[Text] Forty-six professors of the State University of Haiti are protesting the violation of the university's premises by police. This is in reaction to the intervention on 19 June at the Teachers Training School [Ecole Normale Supérieure]. Four teachers and more than 200 students were surrounded and detained inside the premises all night.

On 19 June, the students were protesting the installation of the new prime minister. According to those signing the letter of protest, the four teachers and 200 students who spent a day and a night in anguish, were able to leave the premises only on the following day, thanks to the general mobilization of the university community and the direct intervention of the international press.

In voicing their indignation, the 46 professors, members of the university community, unambiguously condemn the attack against the Teachers Training School and ask that responsibility be elucidated and that the normal operation of the university be guaranteed.

**Officials on U.S. Extradition Treaty Discussions**  
*PA2506042692 Mexico City XHTV Television Network  
 in Spanish 0200 GMT 25 Jun 92*

[Report on news conference with U. S. Ambassador John Dimitri Negroponte, Deputy Secretary of Foreign Relations Andres Rozental, Jorge Carrillo Olea, general coordinator of the Office of Crimes Against Health; and Jose Elias Romero Apis, deputy attorney general of Preliminary Investigations by Rolando Medina Mendez at the Foreign Relations Secretariat, date not given—passages within quotation marks are recorded]

[Text] No date has been set yet for the resumption of negotiations between the governments of Mexico and the United States regarding the revision of the bilateral extradition treaty as well as legal cooperation and the fight against drug trafficking.

A recess was announced following two days of talks between the delegations at the Mexican Foreign Relations Secretariat. Following a two-hour meeting, the participants spoke to journalists.

Andres Rozental, Mexican deputy secretary of foreign relations, said the United States has offered guarantees of strict respect for Mexican sovereignty, territory, public order, and laws. These guarantees must now be stated in writing. As for the strategies of the Mexican Government regarding the U.S. Supreme Court ruling that allows for the kidnapping of people in other countries to bring them to trial in the United States, Mr. Rozental said:

[Rozental] "The measures that were taken following the U.S. Supreme Court ruling have produced the desired results: we received the guarantees we were seeking from the U.S. Government and we began these negotiations."

Jorge Carrillo Olea, general coordinator of the Office of Crimes Against Health—a part of the Mexican Attorney General's Office—said:

[Carrillo] "The Americans have accepted the general policies of the Mexican Government. These are that norms are autonomously established by the Mexican authorities."

Jose Elias Romero Apis, Deputy Attorney General of Preliminary Investigations, said:

[Romero] "The cooperation between both sides should continue under the principles of fighting crime yet avoiding the violation of sovereignties."

U.S. Ambassador John Dimitri Negroponte said the issues and proposals that were discussed will be reviewed in Washington and the dialogue will be resumed as soon as possible.

[Negroponte] "We are trying to handle this topic so as not to adversely affect the overall relations between the

two countries. That is our attitude and I believe it is shared by the Mexican Government."

All officials agreed that considerable progress has been made in the negotiations.

**Workers, Peasants Confederations Sign Agreement**

*PA2406045492 Mexico City XHTV Television Network  
 in Spanish 0200 GMT 24 Jun 92*

[Text] President Carlos Salinas de Gortari said that the Workers-Peasants Pact signed on 23 June in Los Pinos is one of the most important agreements in the country's history. The agreement will promote the development of productive commercialization and social welfare plans.

President Salinas de Gortari signed as a witness of honor the Workers-Peasants Pact agreement between the Confederation of Mexican Workers, CTM, and the National Peasant Confederation, CNC. The document was signed in the Venuciano Carranza Room in Los Pinos. President Salinas de Gortari described the pact as one of the most important in the country's history.

[Begin Salinas recording] This ceremony has been pending for more than 50 years: The Workers-Peasants Agreement. Political circumstances did not permit this in the past. Now, political willingness and social determination have made it possible to take this step uniting the workers and peasant forces. [end recording]

President Salinas stressed the importance of working for the CNC, which truly represents peasants.

Meanwhile, CNC National Leader Hugo Andres Araujo said:

[Begin Araujo recording] This agreement, Mr. President, will promote the drafting and development of productive commercialization and social welfare plans. We will make sure that commercialization plans are economically and financially feasible. [end recording]

Araujo added that the workers and peasant organizations will contribute funds and cooperation will be sought from federal and state governments and from development banks. Similar agreements will be signed at a regional level throughout the country.

Here is CTM Leader Fidel Velazquez:

[Begin Velazquez recording] We agree with changes, transformation, and modernization. We want Mexico to be a better country than it is now. We want it to be an important part of the international community. In that sense, we pledge our commitment, and give our word that we will be faithful to the principles of the revolution. [end recording]

Velazquez said that workers will contribute to make Mexico's rural areas more productive.

## El Salvador

### President Cristiani Holds News Conference

PA2406120992 San Salvador Radio El Salvador  
in Spanish 1645 GMT 23 Jun 92

[News conference by President Alfredo Cristiani at the Presidential Palace in San Salvador with local and foreign reporters and unidentified moderator—live]

[Excerpts] [Cristiani] Good morning. I want to make some brief announcements on the topics of discussion in recent days.

First, I want to announce that a refinancing process is now available for all persons directly affected by the armed conflict and for all those loans received from the special fund that was created. That fund was purchased by the Financial Surety Fund, [Fondo de Saneamiento Financiero] Fosafi. This decision was adopted in view of the situation prevailing among the productive sectors in the eastern part of the country that were most seriously affected by the conflict. Many people there endured financial burdens because they were unable to go about their normal activities. They have many problems that require some sort of special assistance.

That is why we are going to send a draft law to the Legislative Assembly this week to help all those directly affected by the conflict. We have extended the coverage nationwide, because many people have been affected for the same reason in other parts of the country. Therefore, anyone who is delinquent in making payments to the fund will be refinanced for 20 years, with at least a two-year grace period. If the debtor prefers not to pay interest during these two years, the interest can accumulate, be added to the principle and refinanced for 18 years. The debtor could also delay making payments for two years on the principle and interest. This would be optional.

The commercial rate of interest is in effect, but there is a bonus when payment is made on time. In other words, when payment on the refinanced loan is made on time, a bonus will be given. Those having loans under 300,000 colones will receive a bonus of nine points, while those having loans over 300,000 colones will receive a bonus of seven points. The current interest rate is 15 percent. This means that those with small loans and making payment on time will be paying 6 percent interest, while those with larger loans and making payment on time will be paying 8 percent interest.

The financial sector has agreed to stop freezing assets up to 31 December 1992, which is sufficient time for all those affected to request refinancing. In this manner, the person will again have a good credit rating and will be able to reactivate his enterprise, industry, farm, and so forth. We want everyone in the country to think now about promoting production. Those who were enduring

problems as a result of situations out of their control can now resume their activities within a normal period of time.

In the second place is the issue of coffee production, which has been affected by prices. We have been studying the possibility of creating a special coffee stabilization fund that would begin operations with a contribution resulting from the sale of special coffee growing bonds. These bonds would be financed with U.S. dollars. The idea is that inasmuch as coffee prices were very low in 1991, the coffee producers would be able to receive on the average an extra \$8 per quintal, depending on the average costs and selling prices in the country. This would guarantee, depending on the price levels during the harvest period at the close of 1992, up to \$6 per quintal. Everything depends on the price of coffee on the international market.

The idea is to create a permanent fund with contributions from coffee production so it could be used in the future to alleviate the years of special variations, such as the last two or three years when coffee prices dropped to levels that the coffee growers could barely cover their production costs. We must understand the employment situation in the rural areas is seriously affected when coffee farms are not producing well. We want to send a positive signal to the coffee growers that they will be helped in the forthcoming harvest so that they can begin their work. The producers must be aware of the efforts being made by the International Coffee Organization; the producing countries are meeting together now and will meet later with the consumer countries to try to somehow reactivate prices.

Also, there would reportedly be a guaranteed price of about \$6 per quintal if the price remains under production costs. Our goal is to promote employment now. This is the right time for coffee growers to work on their harvests and have a better perspective on their production for next year instead of suspending work. This would prevent unemployment among our peasants. Unfortunately, we are already feeling the effects of unemployment because of the coffee prices.

We believe this measure will in the future bring about a more permanent solution to the erratic and extreme fluctuations in the price of coffee in order to more or less maintain stable domestic prices, provided the coffee industry will continue to nourish this fund in the future. Moreover, this will be the last harvest on which a coffee export tax will be levied. There will be no tax on the next harvest, which will be subjected to either an income tax or a special mechanism. Taxes will be levied on revenues; that is, coffee growers will not have to pay taxes even when they lose their crops as was the case in the past.

We are considering other options for them, especially with respect to taxes. I believe the important thing here is the creation of this fund. We are currently trying to obtain money from international financial institutions

for coffee growers to reduce the financial burden they have accumulated in the past two or three years because of low coffee prices. This would help them much more than the refinancing that is already in place.

That makes two announcements. The third one is that we are pleased to announce that Ernesto Altschul is the Presidency's new communications secretary. Henceforth, he will be ready to assist you as much as possible to ensure that our good relationship is preserved.

Before we start the question and answer session, I would like to touch on an issue that we heard Christian Democratic Party [PDC] officials, especially Mr. Viera, comment on. His statements are totally false. We believe this confuses the citizens and we must make a clarification, because it is totally disloyal to make false statements.

Viera said the current government, in its three years of rule, has increased the country's foreign debt more than during the five-year PDC term. That is totally false. We believe the PDC was moved by ill intentions in saying that. I wish to provide you with specific data on this. When my government was installed on 1 June 1989, El Salvador's foreign debt stood at \$2.1541 billion. The country's debt as of 31 May 1992 was \$2.0581 billion. In three years, our government actually reduced the country's total foreign debt.

As for a new debt, during the five-year PDC term the country's debt increased by \$776 million. In the three years of our government, we have obtained loans for \$446 million. In other words, from any standpoint, the information released by the PDC is totally false. We do not know the bases for its information, but I gave you the specific data provided by the Central Reserve Bank regarding the country's foreign debt.

This also reflects the efforts the current government has made to turn the country into a credit worthy nation again in the eyes of international financial institutions. Although we have obviously had to acquire new debts because of the country's situation, in net terms, we have paid back more debt than we acquired. Thus, we are actually reducing the country's debt; at least that has been the case so far.

The government has a policy of not continuing to put the country in debt and creating unsolvable problems for the country; that is what has happened in other countries. Our country enjoys the credibility of the international financial community because of our economic program and because the foreign debt has been paid on time. The pending balances right now are totally manageable, and we believe managing them that way constitutes administrative responsibility.

We do not know why the PDC wanted to spread such a story. I am told they want conditions to be imposed on future foreign loans for who knows what purpose. These are the facts and not what the PDC said.

[Moderator] Thank you Mr. President. Here is [name indistinct] Barca of Radio Cadena YSKL.

[Barca] Good morning, I would like you to comment on how the assembly of the Farabundo Marti National Liberation Front [FMLN] forces into certain areas is going. Has it been achieved by 20 percent?

[Cristiani] I hope that by the day after tomorrow the assembly will be 100 percent complete. I think the FMLN lacks any justification not to do so. I hope it abides 100 percent by its commitment to gather in 15 zones designated for that purpose. As we understand it, and based on a very preliminary report by the UN Observers for El Salvador regarding several groups that were outside these zones.... [pauses] We were told that at least one group, in the eastern part of the country, had begun to move to its assembly point. This happened last week. I have not been informed if the different groups that were outside have continued to move into these points. This can be done right up to the last day, which would be 25 June. [passage omitted]

[Moderator] Guillermo Rivera [words indistinct].

[Rivera] Good morning, I have two questions for you. The first year you introduced.... [pauses] What specific training programs for officers and soldiers are there for the [words indistinct] that will return to civilian life? My second question is how is the [word indistinct] process. We know [words indistinct]. I would like your answer to these two questions.

[Cristiani] In the first place, thanks to the resources the Salvadoran Government allocated for the National Reconstruction Plan and the specific aid we have already received from the international community, the chief program of those currently in force would involve handing over land. The EEC and the United States have specifically supported this program with their first disbursement of aid.

There is also the possibility of obtaining credit for small- and medium-sized businesses. All conditions have been met and newspapers have also been publishing paid advertisements by the (Sigape), Fedecredito, and the Agricultural Development Bank. We have received financial support for the transfer of land.

As for our training program, there is a short-term program that lasts approximately three months. We hope it can become a scholarship program in the future if we get international support. We also have the PNC [National Civilian Police] and the admission to the national Public Security Academy to see if individuals can pass the courses and join the PNC. These are the most important programs. There are others, such as the documentation program, which is now ready. We can also talk about the return to civilian life of those who start demobilizing. We have national housing plans for them. In addition, much will depend on the quantities and the conditions with which the funds are received from abroad. I am

talking about the funds that may be obtained from the consultative group in Washington.

There are other countries that are making their contributions directly to certain programs that were created by the peace agreements. For example, Spain is supporting the national Public Security Academy and the PNC. We hope that as we obtain more funds, we will be able to implement medium-term programs, at least during this transition stage, to ensure a continuous return to civilian life. I think that the most important thing is the land transfer issue. That is where most of the interest lies. Fortunately, both the EEC and the United States have made their first contributions in this regard. As for the PNC, its bylaws are being reviewed at the Legislative Assembly, which will be responsible for approving them. These laws were discussed by Copaz [National Commission for the Consolidation of Peace] for a long time. Copaz already sent its observations to the Legislative Assembly, which will be the one to give the final approval. We are waiting for its approval to continue with the process. [passage omitted]

[Moderator] [Name indistinct]

[Unidentified reporter] Mr. President: I have two questions. When does your government expect the first 20 percent demobilization of the FMLN to start?

[Cristiani] We expect the demobilization to start on 30 June.

[Reporter] You expect the demobilization to begin by 30 June. Now the second question. What does the future hold for the members of the National Guard [GN] and the Treasury Police [PH]?

[Cristiani] The former members of the GN and of the PH are now Armed Forces soldiers and all of them will be subjected to the Armed Forces' reduction process. Some of them will form part of the new border guard and military police unit to be created within the structure of the Armed Forces. These members were trained in these fields previously, and if you analyze any armed forces, you will see that this is very common. There are always some corps that are experts in these fields. The total number of GN and PH members was approximately 8,000 and they will be reduced to 2,000 members. The rest will be discharged as a result of the Armed Forces' reduction program. All those who are demobilized will have the same options in the reincorporation process as the former FMLN combatants. The agreements state that the reincorporation programs are for former combatants on both sides. Therefore, those who are demobilized from the Armed Forces because of the reduction process will have the same options.

[Moderator] Sandra Perez from UCA [Central American University]

[Perez] I have two questions. The first is: how is the process of legalizing the FMLN as a political party coming along? The second is: Given the disapproval

expressed by several sectors, are there any possibilities of changing the list of three candidates to appoint the PNC director?

[Cristiani] Regarding your first question.... [pause] Regarding your first question, what was it?

[Perez] The question concerned the FMLN's legalization as....

[Cristiani, interrupting] Much has been said about the FMLN's legalization, and in effect there are several points that must be cleared up. First there is the legalization, in other words, the party's registration, that will be performed by the Supreme Electoral Tribunal. No other government institution is authorized to register any sector as a political party. There has been talk about some measures aimed at easing the FMLN's incorporation into the political process. Talks have been held with the FMLN on some situations that could expedite.... [pauses] specifically to reduce the periods to the time that the electoral code normally allows for complying with the formalities. I personally have no objections because the conditions would be met; only the time period would be reduced.

The second situation that came up, for example, was that with so many political parties, there could be a problem with the colors to be used as practically the whole rainbow of colors has been used up. This limits a political party, as it can only choose such a color or such an emblem. There can be some leeway here, as long as the emblems and the flags are easily identifiable, as there could be similar colors or the same colors in some party flags. We see no problems with these kinds of reforms, and this could facilitate the FMLN's registration. It has been agreed to present these concerns to Copaz and Copaz should find the best formulas to allow the FMLN to register. The Supreme Electoral Tribunal has the last word on how and when this is to be done. We cannot speak on behalf of the Supreme Electoral Tribunal. Of course, we also must look for legislative measures that will facilitate the process. I understand that as soon as Copaz puts this issue on its agenda, the process will begin. We must not forget that on the original calendar the initiation of the formalities was to coincide with the initiation of the FMLN's demobilization; in both cases it was 1 May. There was a fundamental reason for this. The fundamental reason was that in our country armed groups cannot be registered as political parties. Therefore, the initiation of the dismantling of the FMLN's military structure had to start with the first 20 percent to be demobilized to then embark on the political process. This has always been the main goal of the [word indistinct]; the goal is for the military structure to disappear and be incorporated as a political party. As such, it can participate like the other political groups in the nation; it will be disarmed like the rest of the political parties. This is where a series of problems have come up, because one process cannot take place until the other takes place. But some progress has been made and at least the matter has been presented before the Electoral Supreme Tribunal.

There should not be any significant delay once the FMLN's demobilization process starts. It has been agreed that the first 20 percent of this demobilization will commence on 30 June.

Regarding your second question, we are evaluating all the aspects of the PNC. This is not being done in an isolated fashion. No decision has been made yet, and we are waiting for the law to come out first. That would be the first step before we can take the second step. [passage omitted]

#### **Legislators Approve Law on Civilian Police**

PA2506044092 San Salvador Canal Doce Television  
in Spanish 0318 GMT 25 Jun 92

[Report by Ervin Ortiz]

[Text] On the evening of 24 June, the Legislative Assembly unanimously approved the Organic Law of the National Civilian Police [PNC]. In addition, the deputies repealed the law creating the National Guard and the Treasury Police.

Late in the evening of 24 June, the Organic Law of the PNC was approved by the 84 deputies of the Legislative Assembly. With words of satisfaction, the political parties represented at the Legislative Assembly agreed that this is an important day for the aspirations to achieve a public security system that will serve the people.

[Begin unidentified deputy recording] I think this step is a greater guarantee for the respect of human rights in our country. By establishing a civilian police in our country, we are generating greater guarantees for the respect of human rights. [end recording]

Meanwhile, the Democratic Convergence felt the Organic Law of the PNC represents the sixth [number as heard] fundamental step taken by the Assembly since the signing of the peace accords in Chapultepec. The other important steps are the law creating the National Commission for the Consolidation of Peace, the Amnesty Law, the Public Security Academy Law, the Consumer Protection Law, and on 24 June, the law creating the PNC.

[Begin unidentified deputy recording] The police should protect citizens and respect citizens' rights, not curtail the rights of citizens. This law reflects the enormous concern we have concerning the problem of human rights. [end recording]

The lack of security in which the people have been submerged must be fought, deputies stressed. In this regard, National Democratic Union member Mario Aguinada Carranza underscored that the appointment of the PNC director should be made as soon as possible in order to eradicate the problems affecting the country.

[Begin recording] [Aguinada] The creation of the PNC represents one of the most important agreements of the present [word indistinct] and for the public security

institutions and the Army. It creates a new concept of police, endowed with [words indistinct] respect for human rights.

[Unidentified Nationalist Republican Alliance deputy] We, as Nationalist Republican Alliance, ARENA, once more want to express our satisfaction before the people, thanks to the efforts of our President Cristiani, so Salvadorans can reconcile and feel protected. The step taken now creating the great PNC we will have and will enjoy, within this new context of civility, will bring security to each and every Salvadoran. I believe that we, those who belong to the Arena Party, have all been rewarded. [end recording]

After voicing their satisfaction over this unanimous decision, the different political factions repealed the law creating the Treasury Police and the National Guard. These security corps were created in 1934 and 1932, respectively, in response to the Indian uprising in 1932.

#### **FMLN's Registration Viewed 'Unconstitutional'**

PA2506011992 San Salvador EL DIARIO DE HOY  
in Spanish 23 Jun 92 p 3

[Text] Jaime Romero Ventura, member of the Supreme Electoral Tribunal, TSE, stated that registering the Farabundo Marti National Liberation Front, FMLN, as a political party while it is still armed, would be unconstitutional.

Romero Ventura, Nationalist Republican Alliance, Arena, representative at the TSE, recalled that the Constitution prohibits the existence of political, labor, or religious armed groups.

Romero Ventura said that in addition to this constitutional impediment, the current Electoral Code establishes that political parties cannot register under the name of any person, dead or alive. The FMLN carries the name of Farabundo Marti, a communist rebel who directed a peasant rebellion during the 1930's and died shortly afterward.

Romero Ventura said the TSE cannot officially begin the procedures to legalize the FMLN, which has not yet presented a request before that electoral institution.

Meanwhile, Legislative Assembly President Roberto Angulo also noted that the FMLN's intention to become a political party while it is still armed is illegal, an opinion which is shared by all democratic forces.

The FMLN emerged on 12 October 1989 at a meeting held in Havana, Cuba, under the auspices of Fidel Castro. It is formed by five organizations, which for 12 years tried to seize power through an armed struggle: the People's Revolutionary Army (ERP), the Popular Liberation Forces (FPL), the Salvadoran Communist Party (PCS), the National Resistance (RN), and the Revolutionary Party of Central American Workers (PRTC).

The FMLN was created during the violent phase of the Marxist-Leninist movement that began with the occupation of the University of El Salvador by the communists under the leadership of Fabio Castillo. It later organized its rank and file using "Christian communities" during the 1970's through missionaries and several communist priests.

### Guatemala

#### Defense Minister Samayoa Talks About URNG

PA2406184292 Guatemala City SIGLO VEINTIUNO  
in Spanish 22 Jun 92 p 14

[Interview with Defense Minister General Jose Garcia Samayoa by unidentified SIGLO VEINTIUNO correspondent; place and date not given]

[Text] [Garcia] I was not in the least surprised when I read and heard the recent statements over the radio by Ricardo Ramirez de Leon, who calls himself Commander Moran.

The subversives' position has always been the same. Ever since they decided to take up arms, it was not a decision to improve the existing economic, social, cultural, and political conditions. The sole objective was to gain power by violent means and to implement a system totally foreign to our culture, tradition, and Guatemalan system of government.

Naturally, the proposals he makes are to be expected; after 30 years of destroying Guatemala, how can we expect anything different? In a very civilized manner, we are asking them to lay down their weapons, get to work, and lead a lawful life. One cannot expect any less from men who have destroyed and betrayed their own country; who have sowed anguish, despair, tears, and polarized our society.

What can we get from their hearts if they do not have a conscience? We are giving them an opportunity to reflect on the fact that times have changed, and that they are not going to impose any doctrine, theory, or archaic concept that is demonstratively not the best choice for economic and social improvement.

They are atheists, they have no faith and do not believe in God. How then will they believe in humanity? The important part of all this is that they propose to use their weapons to benefit those already living comfortably. They continue to promote an internal conflict for which there is no need. They must reflect, lay down their weapons, and embrace the legitimate system—a more peaceful, humane, and ever-developing system. Guatemala is a democratic and legal state. We are learning to live in peace and search for our identity. In my opinion, what Moran says is ridiculous because it makes absolutely no sense. The proposals we have made, however, are quite logical.

From the very beginning we knew that they were not going to lay down their weapons. The Guatemalan Armed Forces' mission is to try to carry out a dialogue with them. But, we also have a constitutional responsibility to carry out. We will continue to look for peace. The Guatemalan people's quest for peace continues to reject the subversives. They must understand once for all that they are isolated at the national level.

Some close-minded fanatics have not offered subversives the opportunity to know what is really happening. We have been told they are not even allowed to listen to the news or read the newspapers. Let them give their followers the opportunity to really understand what they have been doing and the anguish they have caused. They are not going to take over or govern Guatemala.

The people have rejected them for the past 30 years, and will continue to reject them politically. The Guatemalan people have chosen the democratic, not the violent path.

[SIGLO VEINTIUNO] Will the Armed Forces toughen its positions?

[Garcia] At this time it is impossible to speak of toughening or easing positions. We are carrying out a very important duty. It is very difficult to control criminal and terrorist situations. Every one of their actions is noted in anticipation of the trials awaiting them for our country's destruction.

These actions include such things as the sabotage of an electrical transmission tower in Solola. That directly affected the civilian population, and they still say it was a military objective. How can it be a military objective if it is going to affect parts of Occidente, El Quiche, and Escuintla?

Their actions are inconsistent. It is as if they do not have a real justification or organized plan for where the movement is headed. It appears they are not thinking straight and are just reacting to the stupidity of their own actions.

It is incomprehensible that they engage in such acts of terror and vandalism when the president had just inaugurated a bridge that cost the people a lot of money, and could have been used to build schools and hospitals.

With what morals and principles do they speak of human rights violations? They are profaning the dignity of a nation and insulting the honor of the people.

It is senseless. They should think; come out of hiding; end the 30 years of damage and destruction to Guatemala. They should work, which dignifies human beings, because whoever does not work with dignity does not deserve to be called human.

[SIGLO VEINTIUNO] Will the URNG [Guatemalan National Revolutionary Party] become a party?

[Garcia] They can become a political, productive force that can work for the people. We are giving them a hand,

an opportunity for amnesty. We appeal to the combatants to turn themselves in and lay down their weapons, as many others have done.

We are giving them all sorts of guarantees. They are living peacefully. Ever since the amnesty was offered there are many living happily and peacefully.

An amnesty does not exist, but the legal mechanism can be sought. The law has elements that can be used to reinstate those who truly feel heartfelt repentance and want to surrender, because what they are doing each time is sinking deeper into crime, in actions that will be repudiated by this and future generations.

A mechanism could be sought. What is important here is that they have good intentions and say: "Sirs, I have really been wrong, I was wrong, they deceived me," because they were deceived and that is why they are where they are now.

We will see how we can help them to overcome the situation legally or give them freedom, without any problem. We will file a report and that is all, as if nothing happened. The conditions have now been given so they can become legal citizens. They know the conditions and can act accordingly. We are living in a lawful state, because we live in a democratic system.

[SIGLO VEINTIUNO] How many combatants do the insurgents have?

[Garcia] According to intelligence data, they number from 800 to 1,000 armed men. Perhaps much less, because there are increasing defections, discipline problems, and we believe they are no longer fighting for an ideology or with a conscience, that in fact many are forcefully recruited.

They are in regions such as El Quiche, Huehuetenango, and Peten. They appear in small groups to stage assaults on highways and towns, to open ditches to obstruct the flow of vehicles. Who ends up losing? They do not realize that every time they commit acts of vandalism they are working against the people. It is senseless. It is absurd to constantly expose human beings to loss of life, because they are doomed to confront our units. It is regrettable to see so many unnecessary deaths on both sides, because they always result in mourning, pain, and tears.

It is senseless. Why are they struggling, if the government is promoting an atmosphere to help the people who need it the most? Development for them is their worst enemy, their staunch enemy, because they would lose the little ground they have left. They are being ungrateful to the people who need it the most.

President Serrano was very clear when he spoke of a total peace agreement, excluding truces. Many have asked if it is not contradictory that negotiations are taking place while military actions persist. That is apparently how this is viewed.

For such actions to cease, however, depends on the insurgents, who must display their peaceful intentions without further damage to civilians and infrastructures. They must above all abstain from actions such as the recent explosion of an electricity tower, which they mistook for a military target.

The president has insisted that we are not going to negotiate truces. What we must do is reevaluate those who persist in sabotage to maintain their presence here and at the negotiating table.

On repeated occasions we have appealed to the conscience of the URNG, asking the group to lay aside its terrorist convictions because it seeks only to maintain a presence. There is no excuse to justify terrorist acts and damages, especially at such high cost to Guatemalans.

An act of sabotage, of terrorism, demonstrates the illegality of the guerrilla position. The insurgents' violent actions have not ceased since the beginning of the dialogue. In August of last year they said they would end their acts of sabotage, but a short time later they attacked police stations in the southern part of the country, which is a contradiction.

#### **Rebel Leader Criticizes Army for Blocking Peace**

PA2406231692 Guatemala City Teleonce Television  
in Spanish 0345 GMT 24 Jun 92

[Text] A guerrilla leader claimed on 23 June that circles of the Guatemalan Government and Army are trying to hold-up the peace process. Commander Rolando Moran [one of the top leaders of the Guatemalan National Revolutionary Unity] stated that if the human rights issue is not resolved, the peace process will end up on a dead end street.

Moran made statements to ENFOPRENSA news agency, which is based in Mexico. The guerrilla leader explained there are Armed Forces sectors that do not want to see the negotiations progress. Although they do not admit it, they are applying pressure on the president so that he will bog down the dialogue with the URNG [Guatemalan National Revolutionary Unity].

Meanwhile, new subversive actions were reported in the northwestern part of the country. Defense Minister General Jose Domingo Garcia Samayoa stated on 23 June.

[Begin Garcia recording] On 22 June, an Army specialist was killed in Quiche. He was killed in a clash with the rebels; two guerrillas were also killed in the clash. We were unable to recover the bodies of those two casualties, but we seized an AR-15 Colt rifle, cartridges, and tents from the rebels. The name of the specialist who died is Cornelio Sanan Ardun, who died on arrival at the National Hospital of Quiche. We have no idea as to where the rebel casualties were taken. The military operations in the area are still under way. This is the most important news we have to report.

In El Peten, we found a cache of weapons, which had been abandoned for some time, as the weapons had deteriorated. We also found a damaged AK-47 rifle in Chimaltenango.

This is the situation we are facing at this time. Regarding the chiefs of staff evaluation of the enemy presence and the road attacks, our assessment continues to be the same: These are criminal terrorists who perpetrate assaults. [end recording]

#### **Regional Parliament Offers To Mediate in Talks**

PA2506040292 Guatemala City PRENSA LIBRE  
in Spanish 24 Jun 92 p 2

[Text] The Central American Parliament (Parlacen) on 23 June issued a resolution in Esquipulas, Chiquimula, offering to mediate in the peace process between representatives of the government and the Guatemalan National Revolutionary Unity (URNG), it was officially reported.

The parliamentarians urged the government and the URNG to work toward signing a peace accord that would facilitate Central American integration. Parlacen President Roberto Carpio Nicolle said there is regional concern over the Guatemalan conflict, which has caused a great number of deaths for more than 30 years.

Meanwhile, Vice President Gustavo Espina Salguero, who is participating in the meetings of the Parlacen plenum, stated that the government is ready to carry out all actions necessary to achieve an effective cease-fire. Espina added that President Serrano has voiced his interest in redoubling the efforts to strengthen the dialogue with the URNG command.

Espina concluded that the Parlacen proposal, which is positive and encouraging, would be analyzed.

#### **Minister Denies General Staff Chief Arrested**

PA2406044092 Guatemala City PRENSA LIBRE  
in Spanish 23 Jun 92 p 4

[Text] It was officially reported that Colonel Roberto Letona, current General Staff chief, will start a new job on 30 June.

Captain Julio Alberto Yon Rivera, chief of the Army's Information and Press Department (DIDE), indicated Col. Letona was scheduled to hold another post as part of the administrative changes within the Armed Forces.

Capt. Yon Rivera did not elaborate on the new position the ranking officer will hold. In addition, he dismissed news reports that the colonel was under disciplinary house arrest.

When asked about the matter, National Defense Minister General Jose Domingo Garcia Samayoa replied: "Col. Roberto Letona is not under arrest."

Garcia Samayoa also stated an investigation is under way regarding the case of Lieutenant Colonel Juan Jose Furlan Rodriguez, who was gunned down in an ambush at the 126 km marker, Solola Jurisdiction.

#### **Diplomatic Relations Established With Guyana**

PA2406133192 Guatemala City PRENSA LIBRE  
in Spanish 21 Jun 92 p 22

[Text] At OAS headquarters in May, the governments of Guatemala and Guyana signed a joint communique establishing diplomatic relations at the nonresident ambassadorial level.

The communique was signed by the permanent representatives of Guatemala and Guyana to the OAS, Ambassadors Romeo Antonio Escalante and Cedric H. Grant, respectively, during a ceremony attended by top OAS authorities and regional diplomats.

Ambassador Escalante said, "For the Guatemalan Government this is an especially important day. One of President Serrano's main objectives is to promote ties with Caribbean countries."

He added, "The first step he took was to formalize relations with the Belizean people, as part of an openness policy toward the Caribbean." Escalante said that the recent conference of Central American and Caribbean foreign ministers, which was held in Honduras, was also a historic step toward achieving that goal.

Finally, the Guyanese ambassador said, "The continuous dialogue and important progress achieved in settling pending differences between Belize—a fraternal country of the Caribbean Common Market—and Guatemala are significant developments." He added that Guyana believes the establishment of this sort of relations is positive because it will help both countries focus their attention on the attainment of better living conditions for their peoples.

#### **Nicaragua**

#### **Managua To Receive \$69 Million Prior to 30 Jun**

PA2406192792 Managua Sistema Nacional de  
Television Network in Spanish 0100 GMT 24 Jun 92

[Text] The World Bank announced to the Nicaraguan Government on 23 June that \$69 million in loans will be disbursed prior to 30 June. In addition, \$35 million will be disbursed ahead of schedule by the Japanese Government. Minister of Finance Emilio Pereira reported that the IMF is satisfied over the development of a stabilization plan in Nicaragua.

[Begin Pereira recording] This week, no later than 30 June, the Nicaraguan Government will receive \$69 million from the World Bank and \$35 million from Japan, the latter of which was not scheduled to be disbursed

until the third quarter. Consequently, this money takes the place of the AID funds not yet disbursed. [end recording]

Pereira also said that the IDB [Inter-American Development Bank] will also make a \$55 million disbursement early in July.

[Begin Pereira recording] In less than six weeks, the government will receive more than \$160 million that was scheduled for the third quarter. This amount takes the place of the \$50 million. It is well to keep in mind that of the \$100 million [words indistinct], \$50 million was scheduled for June and \$50 million for August. This amount will completely take the place of the expected AID disbursements. [end recording]

He also said that the IMF delegation that arrived in the country recently displayed satisfaction over their assessment of the economic plan.

[Begin Pereira recording] They came to discuss a \$55 million loan under terms very favorable for Nicaragua, which would probably be received in March 1993. This is a larger IMF delegation and will stay here much longer than the previous World Bank and IDB delegations that came during the first two years of this government. Normally, the IMF, whose resources are not as large as those of the IDB and the World Bank, does not lend to all countries. When it does make loans, they are only in small amounts. In this particular instance, the IMF will lend to Nicaragua all available funds. [end recording]

Pereira also said that the U.S. currency market has been decreasing as the economic problems have been solved. Anyone who continues to buy and sell U.S. dollars will experience heavy losses because the government's reserves and the [words indistinct] are controlled.

#### **Former Sandinist Commander To Create Party**

PA2406231592 Managua Radio Catolica in Spanish 1100 GMT 24 Jun 92

[Excerpt] Former Sandinist commander Eden Pastora, known as Commander Cero, has returned to Nicaragua with the intention of creating a political party to participate in the 1996 elections.

On 22 August 1978, under the Somoza administration, Pastora led 20 Sandinist guerrillas in an attack on the Chamber of Deputies' building and took the deputies hostage.

Pastora went into exile in 1981 and created the Democratic Revolutionary Alliance, which fought the Sandinist government from Costa Rica. Following a terrorist attack from which he escaped unharmed, he retired in 1985. He said that part of his new political stand is to meet with all freedom-loving Nicaraguans. [passage omitted]

#### **Panama**

##### **Endara Reminds Police of Role in Democracy**

PA2406163792 Panama City LA PRENSA in Spanish 24 Jun 92 p 1a

[Report by Luis A. Dudley Porras]

[Text] President Guillermo Endara reminded the National Police of the importance of their role in upholding the budding democratic system, during an unannounced visit to the police installations in Ancon on the morning of 23 June.

"You play a key role in the support of our democratic system. Continue to work with eagerness because the fatherland expects much from you," Endara said to the police, according to a simple official communique issued by the Government and Justice Ministry.

Endara, who was accompanied by Social Security Director Jorge Endara Paniza, met with National Police Director Oswaldo Fernandez and with high-ranking police officers. The high-ranking officers, in turn, explained to Endara "the police force's institutional advances," the press release explains.

LA PRENSA learned through judicial branch sources that the National Police have no internal bylaws, despite existing under a democratic process for two years. New rules are being drafted.

According to a police source, the only bylaws that previously regulated security forces were those of the former National Guard, which were adopted by the Panama Defense Forces. The bylaws were abolished "because of their military nature and their inadequacy" for the current public force.

That is why sanctions against the four officers for their responsibility during the 11 June Plaza Porras disturbances are outside the boundaries of all regulations and, instead, are under the jurisdiction of the government and justice minister and the president, who have direct civilian authority over the police.

Police sources explained to LA PRENSA that sanctions against the four officers consisted of "arrests." These "arrests" involve having the officers perform work outside their normal work hours for one month. This sanction is due to their "lack of control" over the Plaza Porras disturbances during the visit of U.S. President George Bush.

##### **U.S. Embassy Picketed by PCC Line Handlers**

PA2406190692 Panama City Telemetro Television Network in Spanish 1730 GMT 24 Jun

[Text] The Panama Canal Commission's [PCC] Panamanian line handlers will defend their rights to the end. Their rights have been violated by the canal authorities. Today the PCC line handlers picketed the U.S. Embassy

to demand that international Panamanian and U.S. laws be respected. The picket was organized by the Canal Labor Defense Movement and was peaceful.

Canal line handler spokesman Abdiel Acosta said that documents were presented to embassy representatives in which they report labor discrimination and compressed work schedules.

[Begin Acosta recording] We strongly protest the implementation of compressed work schedules that subject us to an enslaving work system that we are definitely against. We will defend our rights as PCC workers to the bitter end. No compressed work schedules! We are definitely against them. The plan is to implement this system on 12 July and we categorically reject it. [applause] We also have another little problem, which is important to note: If a basic 10-hour or more work schedule is implemented, how will the Social Security Fund compute a 10 or 15 hour work day if the Panamanian labor law is based on an 8-hour shift? [end recording]

#### Minister on Relations With Mexico, Other Topics

PA2506031592 Panama City Circuito RPC Television  
in Spanish 2300 GMT 24 Jun 92

[Text] Panama and Mexico have not yet reestablished diplomatic relations at the ambassadorial level. Foreign Minister Julio Linares has made some statements to this effect.

The foreign minister said the Panamanian Government is waiting for a reply from the Mexican Government so that the official appointed by Panama—Ezequiel Rodriguez—will be able to take over as ambassador to Mexico.

[Begin Linares recording] The Mexican Government has not asked us to approve the appointment of a Mexican ambassador to Panama. As soon as the Mexican Government asks us to grant the approval, we will be very happy to send our ambassador. Nothing would please us more than to send him immediately. However, I believe you will understand that international relations are based—and should continue to be based—on reciprocity. [end recording]

The foreign minister added he is willing to provide information to the attorney general, who wants to investigate the controversy over the search of Legislator Gerardo Gonzalez' home. U.S. citizens were allegedly invited to participate in a raid on the residence.

[Begin Linares recording] I am willing to provide this information not only to the attorney general, but also to any public officials who request the statements and information they require. [end recording]

As for some New York lawyers who have questioned the legality of the 19 December 1989 military intervention based on international law, Linares gave the following answer:

[Begin Linares recording] It was a legal action, but above all, it was a political action. The action was not prompted by circumstances or taken for juridical reasons; it was politically motivated. [end recording]

#### Legislative Assembly Approves Colon Free Port

PA2506031692 Panama City Circuito RPC Television  
in Spanish 2300 GMT 24 Jun 92

[Text] The Legislative Assembly has approved in a third debate a draft bill calling for the creation of a free port in Colon Province. According to the new law, the Colon Free Port will initially be located on Manzanillo Island, with the exception of the areas included in the Colon Free Zone. This commercial area will be devoted to retail sales, something which is not allowed in the Colon Free Zone.

[Begin Legislator Alonso Fernandez recording] This will greatly alleviate the Colon Free Zone. The Free Port will sell goods to the tourists who arrive daily in Colon aboard small boats. These tourists, who cannot enter the Colon Free Zone, arrive aboard some 30 to 40 boats that dock everyday in Colon and their business is lost. [end recording]

The draft bill was approved on the afternoon of 24 June by a majority after nearly three hours of discussion. Some legislators voiced their opposition, saying the free port will increase contraband activities in Panama.

[Begin recording] [Legislator Sebastian Escobar] If it has been impossible to control contraband in the Colon Free Zone, it will be much more difficult to control contraband by creating a free port in Colon. That means that once this law is implemented in the future, we are going to see contraband all over again.

[Fernandez] It is up to the Finance and Treasury Ministry to control contraband. If the officials are incompetent, there will be contraband. Nonetheless, if they are as devoted as Mr. Rodrigo Arosemena, I believe they will seize more contraband and will put to good use the money they seize from the contraband goods. [end recording]

Now that the draft bill has been approved in the third debate, it must be signed by the president of the republic so that it can become a law of the republic.

#### Civic Renewal Group Disagrees With Government

PA2406120792 Panama City Circuito RPC Television  
in Spanish 2300 GMT 23 Jun 92

[Text] Civic Renewal, a party currently being formed, on 23 June voiced its disagreement with the sanctions and explanations given by the executive branch on the violent events that took place in Plaza Porras. On 23 June, the party supporters delivered documents to the Electoral Tribunal in order to register as a political party.

The documents include a petition for registration, a declaration of principles, a government platform, and draft statutes. They were presented by Tomas Herrera, president of Civic Renewal, to Guillermo Piannetta, secretary general of the Electoral Tribunal.

In brief statements, Piannetta emphasized that the documents will be examined, following normal procedures. Nonetheless, he clarified that the registration of the Civic Renewal party in formation will have to be done in 1993, because the registration process has closed for 1992.

Party leader Tomas Herrera then hosted a news conference where he emphasized that poverty is the main problem afflicting the country, and that poverty must be eliminated through efficient programs. Herrera also voiced his stand regarding the administration of President Guillermo Endara Galimany.

[Begin Herrera recording] Justice is not being done. The administration has been deficient in many aspects. Influence peddling has prevailed. [end recording]

In another part of his statement, Tomas Herrera emphasized that the Civic Renewal party rejects the referendum and that the constitutional reforms should cover only two aspects.

[Begin Herrera recording] First, provide for a parallel Constituent Assembly; and second, amend the laws on militarism. The rest of the changes to the Constitution should be made in a Constituent Assembly that will give the people the opportunity to discuss the issues and decide on the Constitution they want to have. [end recording]

Herrera also questioned President Endara Galimany for taking the entire blame for the events that took place in Plaza Porras on the occasion of George Bush's visit to Panama.

[Begin Herrera recording] The president is protecting the persons who are truly responsible for the events. We think it is ridiculous that he claim responsibility for everything. It is a gallant gesture on his part for his subordinates, but this does not solve the problem. [end recording]

#### **Government To Restrict Issuing Visas to Cubans**

*PA2506034492 Panama City Circuito RPC Television in Spanish 2300 GMT 24 Jun 92*

[Text] To prevent any speculation about shady deals, the Panamanian Government will no longer issue visas to Cuban citizens, Immigration Director Antonio Dominguez announced on 24 June.

[Begin Dominguez recording] There is nothing to discuss. The government has announced its stand; it will no longer issue visas to Cubans so that they can leave the island and then seek entry into the United States. From now on, the only visas that will be granted are tourist visas. They will be granted to visitors on 30-day visits and to those whose sponsors present a written request on their behalf and declare themselves responsible for the visitors. We will also issue commercial visas whereby the companies doing business with these people are held responsible for the visitors arriving in Panama from Cuba to buy goods. [end recording]

Dominguez said the government adopted this measure for several reasons.

[Begin Dominguez recording] The problem stems from the scandal created over some person who made unfounded statements. To prevent any rumors of shady deals, the president of the republic simply issued an order that no more visas of that type were to be issued. [end recording]

## Argentina

### Government Not To Allow 'Abduction' by U.S.

PY2406143492 Buenos Aires LA PRENSA in Spanish  
23 Jun 92 p 1

[Text] Interior Minister Jose Luis Manzano stated yesterday that the extradition agreement with the United States is working very well when the detention of a criminal is requested. He added, however, that because this agreement is in force, the Argentine Government will not allow any abduction of citizens in line with the recent measures adopted by the U.S. Supreme Court.

Manzano said that during his stay in the United States, he was congratulated on the arrest of Gil Suarez, a drug trafficker who had been sought for three years, and that although he escaped after he was first arrested, he was extradited after his second arrest.

He added that there is an exchange between FBI agents who come to Argentina and police officers who work for the FBI. Relations between the sides are good. Whenever an arrest is requested, it is done.

### Debt Refinancing Accord Reached With Creditors

PY2306171892 Buenos Aires Radio Nacional  
Network in Spanish 1500 GMT 23 Jun 92

[Text] A final agreement has been reached with creditors to refinance the foreign debt. The agreement was reached in New York after 10 days of negotiations. Argentine representative Daniel Marx and Central Bank officials (Rafael Vinieza) and (Carlos Samber) represented Argentina in the negotiations.

This agreement means that within one week the creditor banks will have to respond to Argentina's final proposal, deciding the type of bonds they prefer to refinance their loans.

Horacio Liendo, the domestic and foreign debt under secretary, stressed that by late August [as heard] the creditor banks will have responded on whether they accept the proposal that Argentina is making.

## Brazil

### No Direct Links To Collor in CPI Testimony

PY2506023592 Sao Paulo O ESTADO DE SAO  
PAULO in Portuguese 24 Jun 92 Politics Section p 6

[Text] Brasilia—Justice Minister Celio Borja yesterday received a calming assessment of the work carried out by the Congressional Investigation Committee (CPI), which is investigating charges against businessman Paulo Cesar Farias. CPI Chairman Benito Gama (PFL-BA) [Liberal Front Party—Bahia State] assured the minister that so far the evidence submitted to and the testimonies before the CPI do not directly involve President Fernando Collor.

Benito Gama also reported that CPI members are willing to continue working during the July congressional recess. He said: "It would be absurd for us to take vacations while the entire country waits expectantly."

The CPI chairman requested that the justice minister promote a more prompt exchange of information between the Federal Police and the CPI. He said: "We need this information in order to arrive at the truth."

### Collor Denies Parallel Power in Government

PY2506004992 Sao Paulo O ESTADO DE SAO  
PAULO in Portuguese 23 Jun 92 Political Section p 4

[By "JBR"]

[Text] Brasilia—President Fernando Collor has said that a categorical denial of an alleged friendship with businessman Paulo Cesar Farias, nicknamed PC, is not required. He has filed a case with the court, a forum he deems competent to rule on his relations with the businessman. He did not, however, mention PC or state whether he maintains contact with him. This matter was analyzed during an interview with President Collor on 22 June.

[O ESTADO] The media reported the charges mainly because they stem from persons imbued with political power and credibility who held posts under your administration, like the former Petrobras [Brazilian Petroleum Corporation] president and the former government leader in the Chamber of Deputies. One common charge focuses on the existence of a parallel power scheme in the government and on businessman PC, who is the key man. There are rumors that your opponents have gained space in the media—about which you complain—because you have never publicly stated that you cut your ties to PC. Do you not think the impact of these charges will be alleviated if you categorically deny this charge?

[Collor] I do not understand this matter about cutting ties. They talk as if we continue contacts. They have to demonstrate that in court. I have stated that my government does not allow any parallel action by anyone. Those who suggest that I am passively watching this or that performance will have to prove it before the court.

### Collor To Sue Calheiros, Motta Veiga

PY2406140492 Rio de Janeiro O GLOBO  
in Portuguese 23 Jun 92 p 7

[Excerpt] Brasilia—According to the explanation yesterday of a presidential legal advisory team member, President Collor will seek indemnification from former Deputy Renan Calheiros and former Petrobras [Brazilian Petroleum Corporation] President Luis Octavio da Motta Veiga and sue them for defamation. In addition, he also will sue those newspapers and magazines that "do not abstain from publishing irresponsible charges." The suits will be filed by the lawyer who has been designated by the president, Jose Guilherme Vilela.

Presidential Press Secretary Pedro Luis Rodrigues reported that the sums to be established by the judges will not be used for the president's benefit because they will be donated to charities.

The indemnity suits will be based on Article 5, Clause 10, of the Constitution and the current Press Law. They will be filed before the civil courts in Brasilia and conducted by private lawyer Jose Guilherme Vilela. [passage omitted]

#### **Navy Minister Calls Impeachment Talk 'Hasty'**

PY2406142292 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Jun 92 Section 1 p 7

[By Gilberto Dimenstein]

[Text] Navy Minister Mario Cesar Flores said yesterday in an exclusive interview with FOLHA DE SAO PAULO that a discussion about an eventual request for the impeachment [preceding word in English] of President Fernando Collor would be hasty. He said the Armed Forces, regardless of the outcome, will not react unless the Constitution is not respected. He added: "We will remain quiet."

Flores does not believe the Congressional Investigation Committee (CPI) will find any links between businessman Paulo Cesar Cavalcante Farias, or PC, and President Collor. Therefore, the vote for impeachment would not occur. He admitted the possibility of irregularities in the electoral campaign, however. He said: "But in this case, who can throw the first stone?"

He stated that the CPI is on the "right track." In his view the "right track" is the investigation of Paulo Cesar Farias. According to Flores, the congressmen will nail Farias. He said the investigation should continue to seek the truth. He added: "One thing is the people's judgment and another thing is a political judgment. A political judgment depends on evidence."

Flores regretted that the CPI investigation and the accusations being made are hurting the life of the nation but he sees no possibility of institutional instability. He said the main effects are economic. He added: "There is uncertainty whether the stock market fell or if inflation increased due to this situation. This is what creates concern."

Flores believes the country is not "paralyzed," that it is only "disturbed." He says the investigation must not stop because the irregularities must be investigated and the people responsible for them punished. Flores believes that there are people interested in linking PC with Fernando Collor in a political game. He added: "I do not believe this case will lead to the president."

#### **Former Deputy Calheiros on Influence Peddling**

PY2406222192 Sao Paulo VEJA in Portuguese 24 Jun 92 pp 7-11

[Interview with former Deputy Renan Calheiros, one-time government leader in the Chamber of Deputies, by VEJA reporters Eduardo Oinegue and Expedito Filho; date and place not given]

[Text] [VEJA] What influence does Paulo Cesar Farias [PC] have on the government of Fernando Collor?

[Calheiros] PC has nominated and dismissed people, and influenced government decisions. He created a parallel power scheme with his golden boys, and also with his silver, bronze, and brass boys. PC trafficked in influence. He flaunted his power and his access to the president. His scheme diverted public funds and made children hungry, left hospitals without medicine, projects incomplete, and made many people rich. It was a thirsty and greedy power scheme. It produced hatred, scandal, and badly damaged the government. It destroyed the morality advocated during the electoral campaign, and it will be destroyed by greed.

[VEJA] Could you give us an idea of the magnitude of that greed?

[Calheiros] I know that he created a system for monitoring personnel qualifications at the Secretariat of Strategic Affairs, SAE. It was from this agency that PC learned about the men who would be chosen for key posts within the government.

[VEJA] Who told you this?

[Calheiros] SAE officials whose names I'd rather protect. A check on the nomination procedures will prove what I am saying.

[VEJA] Was Pedro Paulo Leoni Ramos, the then SAE secretary, aware of this?

[Calheiros] I don't know.

[VEJA] Why did PC create this scheme?

[Calheiros] To make money and to obtain political power.

[VEJA] Was President Fernando Collor aware of PC's operations within the government?

[Calheiros] Anyone who believes that Collor was not aware of it is wrong. Those who say that this is not true are lying, either out of cynicism or hypocrisy. PC is an extension of the president. He is an extension with feelers of his own; from the main hall to the kitchen of the Casa da Dinda [presidential residence]. It was not by chance that during the electoral campaign, PC boasted that he paid the credit card bills of "Madame," which is how he referred to [First Lady] Rosane Collor. I personally heard PC saying that Rosane was spending too much. PC was a provincial guy who was compelled to

undertake national tasks. The president ordered PC to trim his sideburns, change his glasses, and resolve his fraud problems with the Central Bank. He then assigned some of his friends to PC. Marcelo Ribeiro (former Infrastructure Ministry transportation secretary and former director of the Tratex contractor), Luis Quattroni (former Brazilian Reinsurance Institute, IRB, president), and Olavinho Monteiro de Carvalho (brother of Lilibeth, Collor's first wife) are some of the friends that Collor assigned to PC. The main evidence that Collor was aware that PC's scheme was operating in his government is the fact that I myself warned him on several occasions.

[VEJA] Can you give us an example?

[Calheiros] At my last meeting with Collor, the day after Minister Jarbas Passarinho was installed, I made a general review of the subject. I entered his office at Planalto Palace at 1230 and I left at 1410. It was the most tense meeting we ever had. I was still the pro-government leader in the Chamber of Deputies and a candidate for the governorship of Alagoas. The first round of the elections had just been held and I took the president documents containing proof of fraud that led Geraldo Bulhoes to a runoff with me. I recall it very clearly. When I entered the room he was friendly. When I mentioned the PC affair his face changed. I said that the scheme that PC had created within the federal government was a cancer and that it was his duty to extirpate it. I gave him an example. I described the charges that were reported to me in connection with the Central Medical Supplies Exchange, CEME, of the Health Ministry. I told Collor that, according to the charges, PC was responsible for a series of actions in which public funds were being improperly used. "It is necessary to investigate," I told the president.

[VEJA] And what was the president's reaction?

[Calheiros] He changed the subject. Surprisingly, he began speaking about the government's achievements. He said that there were indications that the inflation rate could again drop. He mentioned the balance of trade surplus and things like that. I insisted. I reiterated that it was necessary to investigate, because a substantial portion of the money that was being used for the electoral fraud was coming from CEME. He asked me to remain calm. He said he would arrange an honorable solution for the elections in Alagoas. Yet he said nothing about PC. It was as if I had gone there to talk about something totally unimportant. At least that was the impression he gave me.

[VEJA] How can you prove the misuse of funds within CEME?

[Calheiros] At the beginning there were only indications or suspicions. In May 1991, I met by chance with Antonio Carlos Alves dos Santos on a flight from Brasilia to Sao Paulo. Alves dos Santos, the first CEME president under the Collor administration, had already resigned at that time. He was visibly uncomfortable when he told me

that his stand against CEME was used by PC's team as the main excuse to divert the funds to the election of Bulhoes.

[VEJA] On what other occasion did you speak to the president about PC's power?

[Calheiros] At the beginning of the Collor administration I was warned that a major scandal was about to explode. Marcelo Ribeiro, the then transportation secretary, suggested the government should not hold a public bid for a \$0.5 billion program to repave roads. I was told that PC had his hand in this business. The contract was going to be awarded without a public bid. I told the president that it would be a scandal, it would harm the government, that it would not please Congress. I told the president that I heard PC was behind this business. Collor listened and said he would check the case, and adopt the appropriate measures. Measures were adopted when the scandal of the SOS Roads, as the episode was known, was published in the newspapers.

[VEJA] What measures were those?

[Calheiros] Ribeiro resigned and Collor appointed Jose Henrique d'Amorim, then president of the DNER [National Highway Department], at PC's suggestion. However, I did my part.

[VEJA] What was the degree of frankness during those conversations with the president about PC's activities in government?

[Calheiros] I spoke with the frankness of two people on a first-name basis, Fernando and Renan; with the frankness of someone who supported and guaranteed a project that would solve the problems of the country; with the frankness of someone who told the president things he needed to know, without worrying whether he wanted to hear them or not. That relationship made me different from other officials who only said: "Yes sir," or praised him. For example, during the conversation following the installation of Passarinho, I told the president that the only solution to avoid a major scandal was to send PC abroad. "The signs of corruption," I said, "are dragging along, and it is essential to stop the irregularities from spreading. PC will contaminate the whole Brazilian public administration system like a virus." It is impossible to be more frank than that.

[VEJA] How did President Collor react?

[Calheiros] Once again, he changed the subject and spoke about the economy. It was always like that. He would frown, as if he did not like what he heard, and he did not face the matter. PC was a matter that bothered him.

[VEJA] Why did you not report PC's influence before running for candidate as governor of Alagoas?

[Calheiros] Did I not talk with the president? Collor knew from me what PC was doing.

[VEJA] Did you talk with the president about PC's maneuvers in the Alagoas election campaign?

[Calheiros] In June 1990, I expressed my concern to the president and made charges. As the government leader in the Chamber of Deputies I went to talk with him about congressional matters and took the opportunity to discuss the elections. I told him: "Your neutral position regarding the elections in Alagoas is jeopardized by the obvious participation of Rosane and PC. Rosane was saying that she would participate in the campaign and use the LBA [Brazilian Welfare Legion] machinery to distribute food baskets and money in favor of Geraldo Bulhoes. As for PC, I told him that he was using Federal funds for the campaign.

[VEJA] How many times did you tell the president that PC was using the state apparatus in favor of Bulhoes' candidacy?

[Calheiros] I lost count. Bernardo Cabral witnessed some of my reports.

[VEJA] The then justice minister Bernardo Cabral attended those discussions with the president?

[Calheiros] As the political coordinator of the government, Cabral participated in some of our meetings. He was one of those who remained on my side when I reported the fraud.

[VEJA] When you spoke to the president about Rosane and PC, what did the president say to you?

[Calheiros] The most surprising thing was the result of this episode. Regarding Rosane, Collor said I should not worry. He would withdraw her from the campaign and she would issue a statement saying she did not support any candidate. As for PC, he said he would discuss the issue next Monday during a breakfast they would have in the Casa da Dinda.

[VEJA] Did he talk with PC?

[Calheiros] On that Monday I phoned PC. He confirmed he had breakfast with Collor and that they had discussed several subjects, but nothing about Alagoas.

[VEJA] Do you know what they spoke about?

[Calheiros] No.

[VEJA] Why do you say that the result of that episode was surprising?

[Calheiros] Well, Collor told me he would discuss the issue with PC, and PC told me they did not mention the subject. One of them is lying. I do not know whom, or whether they both lied.

[VEJA] Were those meetings between Collor and PC held on a routine basis?

[Calheiros] According to PC, they met every Monday at the Casa da Dinda.

[VEJA] In an interview with VEJA, which was published on 25 March 1992, the president said that he spoke for the last time with PC one year and eight months ago. When was the last time you heard of a meeting between PC and the president?

[Calheiros] When the president says one year and eight months ago, he is referring to their last appearance in public. This happened on 11 August 1990, on the president's birthday, at a party hosted by businessman Eduardo Cardoso. At this party, PC was the star. He waltzed and was applauded by the president who told him: "Very good, PC, very good." Collor made a point of promoting PC's prestige. I was at the dinner, along with 50 other people. I do not know whether they met again after that party, but this does not matter.

[VEJA] Why doesn't it matter?

[Calheiros] To know whether the president talked with PC or whether he met with him is not at issue now. The essential point is to know how far this relationship has gone. The parallel power scheme should be untangled. Incidentally, this scheme should not be referred to as "parallel." It should be known as the superimposed scheme. Parallel means two straight lines that do not meet. One does not have to be a specialist to know that a meeting between Collor and PC could have been destructive at that time.

[VEJA] What was your first indication of PC's power in the presidential environment?

[Calheiros] While the government was being created, when Collor was distributing the cake, PC invited me to a meeting at his house, near the Casa da Dinda. He organized a meeting of Alagoas politicians to study the designation of a new governor for the state. I felt uncomfortable. Why should PC be in charge of a meeting of this nature? Since I was having doubts, I went to talk with the president. I mentioned the invitation and Collor said that I should attend the meeting. I can still recall his words: "That is the right way." So I attended the meeting, at which I found Joao Lyra, Cleto Falcao, Moacir Andrade, and Geraldo Bulhoes. PC sat at the head of the table and, on more than one occasion, announced that he was speaking on behalf of President Fernando Collor. This means having power. A few days later, Lafaiete Coutinho, the then president of the Federal Savings Bank, told me that the polls giving me 60 percent of the voters' support meant nothing. He told me that an economic scheme had already been created to destroy my candidacy in Alagoas. He suggested talking with PC. This reveals even more power.

[VEJA] In which other government areas was PC operating?

[Calheiros] I gradually became aware of PC's power. I had already left the government when he dared ask for the dismissal of Central Bank President Ibrahim Eris. Just imagine what this means. As a key factor for

economic stability, the Central Bank president is designated by the president after being approved by a Senate commission. Yet PC wanted to dismiss him on a personal whim.

[VEJA] What was this personal whim?

[Calheiros] PC began to regard the Central Bank as an important organ for consolidating his power scheme. PC complained to his friends that while he had to resort to entrepreneurs who were having problems, the Central Bank team could raise millions of dollars with a simple exchange rate adjustment. Ibrahim Eris, whom I always regarded as a serious person, became angry, shouted, said that he would not accept insinuations. During a conversation with the president, he offered his resignation. President Collor was once again forced to solve a difficult situation created by PC's greed.

[VEJA] What was the economic team's reaction to PC's actions?

[Calheiros] I always thought that former Minister Zelia Cardoso de Mello, former Minister Eduardo Teixeira, and Professor Antonio Kandir were honest people. Zelia was competent, but naive and manageable. After she left the government, she personally told me that the first time she received a request from PC, she went to the president to see what to do with it. The president replied: "Go ahead." I do not know whether those requests were granted.

[VEJA] Was former Health Ministry Executive Secretary Luiz Romero Farias a member of the PC scheme?

[Calheiros] Of course. When he realized that corruption was taking over the Health Ministry, Collor competently replaced Romero. Why did he do this? If Luis Romero had been found to be involved with the irregularities at the ministry, this would have affected PC, and if PC had been hit, Collor would have also been affected.

[VEJA] What is your specific charge against Luiz Romero Farias?

[Calheiros] I will leave the specific charges to the Federal Police who already have a file as tall as me—I am 1.82 meters—about the irregular procedures in the Health Ministry. I know of some coincidences, however. Romero sent a torrent of money through the CEME to Lifal, a small public and bankrupt laboratory in Alagoas which cannot even manufacture mercurochrome. It is now known that he sent \$16 million to that laboratory. Coincidence Number 1: while Collor was governor of Alagoas, Romero was manager and president of Lifal. Coincidence Number 2: The money was sent between June and December 1990, exactly during the election campaign. Is that too much of a coincidence?

[VEJA] Even though the money was sent during the election campaign, should you condemn a good action like sending money to a laboratory?

[Calheiros] This transfer of resources would not stand up to the most superficial of audits. If money is used for labor costs, anyone can see if they were overcharged. If this money was used to purchase medicines, it would be enough to just look at their invoices and destinations.

[VEJA] In your opinion, why did Pedro Collor denounce the PC scheme?

[Calheiros] Everything started with a regional disagreement and escalated to national proportions. It is more important to investigate Pedro Collor's charges rather than asking why he made them. The fact that he leveled the charges because PC wanted to open a newspaper in Alagoas, or for any other reason, does not minimize the charges.

[VEJA] Are you willing to testify before the CPI [Congressional Investigation Committee]?

[Calheiros] I will be very pleased if I am summoned. I have made my charges public and I am responsible for what I have said. I am not the president's brother, I did not grow under his protection, I have no Black Bat [PC's private plane], or any accounts abroad. I did not appoint or fire anyone in this administration. I participated in the election campaign and I was a dedicated government leader in Congress because I believed in the recovery and reconstruction project for my country. I broke away from the government when I realized that the path it chose was different. I expressed my disagreements, I warned of the corruption that was going on, and I even warned the president about the risk of his isolation. I asked him to learn the lesson from the previous occupant of the palace. He did not listen to me. I closed the door and I left my post. I left the government eight months after it was installed. Most politicians thought my gesture was hasty. Political convenience makes people think that it is better to remain with the government, no matter how bad it is, rather than being out of it and in the opposition.

[VEJA] Was there any retaliation following your break with Collor?

[Calheiros] I had to face the consequences. My temporary registration at the Alagoas OAB [Brazilian Lawyers Association] took months to be processed thanks to a prosecutor who placed obstacles in my way. When I tried to withdraw my contributions from the Legislative Assembly Retirement Institute—since I refused to retire at 36 years of age—I had to resort to court.

[VEJA] The president later invited you to rejoin the government. Did you see any sign that things could change then?

[Calheiros] No. The president began to praise me six months after our split. He sent some middlemen to convince me, and on 16 September 1991 he phoned me at my house. During that conversation he insisted that my absence made him suffer a lot. He said that without

meaning to obligate me, he wanted to set an appointment to discuss my return to government. That conversation lasted nearly 40 minutes. I thanked him politely but I recalled that the reasons for my estrangement from government still existed. To the president's displeasure, I recalled that PC's scheme remained intact.

[VEJA] Is the CPI doing its job right?

[Calheiros] If the CPI carries out a thorough investigation and brings to light the PC fraud in the Central Bank, he could be arrested and his assets confiscated. If PC is only arrested for tax evasion it will look like a minor thing, as if a deal was made.

[VEJA] Do you believe that the CPI will impeach the president?

[Calheiros] That does not worry me and should not worry patriots. The political world is already divided into government and opposition. The new division is different. Some defend the institutions and are searching for the truth while others are only thinking of their positions and privileges. If the CPI decides to impeach the president and Collor decides to resign before that, the Constitution guarantees the swearing in of the vice president. The question now is not to find out whether the facts affect the president or not. The facts are already there, they affect him. He must speak clearly and deny them, if he can. This is a challenge. So far Collor has only told the people that no one was authorized to speak on his behalf. But he never specifically said that PC did not carry out business activities within his government. I advise him to spell this out clearly.

[VEJA] Fernando Collor was elected president with 35 million votes. Being still young and with a great political future ahead of him why would he cover up a scheme like this?

[Calheiros] I have my suspicions, but I do not have enough information to talk about it.

[VEJA] Would you say that the Collor government is finished?

[Calheiros] The Collor government is finished. It was finished with the departure of Zelia. It was again finished with the cabinet reshuffle and it continued like that. A president elected by the people takes with him the power of the votes of the people who elected him. A rebirth is more difficult. Getting rid of PC will not be enough for the president. Collor will need a package of clear measures to take Brazil out of the recession and to redirect it toward economic and social growth.

[VEJA] After talking about all that has happened, are politics still part of your plans?

[Calheiros] Politics have never gone out of my plans. I am always involved in politics because I am idealistic. I was a militant in the student movements, I was elected state deputy in 1978, and I was elected federal deputy in 1982. I was reelected and took part in the constituent

assembly. I have a tradition in the democratic struggle. Therefore, I will remain in politics. I will be a candidate for senator in 1994.

[VEJA] What are your feelings when you think of President Collor?

[Calheiros] I have no resentments. I have no anger or hate. On the contrary I believe that God protected me from this entire story. At the time I left the government, the president, on his Sunday jogging once wore a T-shirt with the inscription: "Time Will Tell Who Is Right." The then presidential spokesman Claudio Humberto Rosa e Silva announced that the inscription was Planalto Palace's answer to the former government leader. They were saying that time would prove that the government was right and that I was wrong. Now I can say that the president was enlightened on that Sunday: Time really is telling who is right.

#### Economy Minister Expects Drop in Inflation Rate

PY2506013092 Sao Paulo FOLHA DE SAO PAULO  
in Portuguese 20 Jun 92 section 1 p 8

[By Fernando Rodrigues]

[Excerpt] For the first time this year, Economy Minister Marcilio Marques Moreira has made an inflation rate estimate. He said that the government expects that in December the inflation rate will drop to 10 percent.

He made this estimate with great care. "Predicting the future is a game, and cannot be mathematically accurate," he said yesterday, during an interview he granted FOLHA DE SAO PAULO from 1830 to 1930 in his office. The government's previous goal was 2 percent. This percentage was implicit in the letter of intent submitted to the IMF in January.

Marques Moreira yesterday began a one-week trip abroad. He will visit Venezuela, the United States, and Argentina. He is scheduled to return on 28 June. Yesterday, he summoned journalists from the main Brazilian newspapers for individual interviews.

He was very concise in his comments on the current political crisis affecting the federal government, "Collor-gate." He considers any discussion of President Fernando Collor's impeachment to be "inappropriate." Asked whether businessman Paulo Cesar, PC, Farias, is lying in his declarations before the CPI [Congressional Investigation Committee], Marques Moreira said: "I do not know because I am not a lie detector."

Marques Moreira continues to be consistent in his statements about economic policy. As he has been saying since he assumed his duties a 13 months ago, he said that inflation will drop because of monetary and fiscal policy, without supplying any details. Asked about his work up until now, he said he has been "successful" in making the inflation rate drop from 30 to about 20 percent. [passage omitted]

**Economy Minister Views National Agenda**  
*PY2406235892 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 92 Economy and Business Section p 1*

[Interview with Economy Minister Marcilio Marques Moreira by correspondents Ribamar de Oliveira and Antonio Felix on 19 June; place not given]

[Excerpts] [ESTADO] What is the reason for your meetings with journalists?

[Marques Moreira] The country and the agents of the economy are rather perplexed. I just want to reassert that I have not been frightening nor will I frighten anyone. We will preserve conservative monetary and fiscal policies. We will not be distracted by economic shocks or by magical artifices, even during a crisis. We will strengthen orthodox instruments if necessary. In terms of inflation, the variation that did not occur in April occurred in May. Inflation should drop slightly in June, though perhaps it will not drop at all because the atmosphere of uncertainty immobilizes not us, but the financiers. The economic recovery stopped giving signals that it would continue. We hope that all the economic agents return to acting normally, and are not inhibited by temporary events, so they can return to the great national projects. In the foreign area, however, we have had excellent results. The trade surplus in May practically reached a record level: We exported more than \$3 billion, and the surplus totalled more than \$1.5 billion. This is our second highest surplus since 1982. The highest was in May 1990.

[ESTADO] Did the government detect any other signals causing concern?

[Marques Moreira] No, the Economic Research Institute Foundation index is slightly higher than May's, but much lower than the one registered during the first week in May.

[ESTADO] There have been rumors that your position is the subject of negotiations. What do you think about that?

[Marques Moreira] These rumors are entirely groundless. I do not pay attention to this sort of thing, and I do not consider myself merchandise to be negotiated. I am not concerned about these things. The economy minister should not be talking all the time and commenting on insignificant things. In serious moments, however, the economy minister must clarify things. It is very important to fight inflation. When we talk about corruption, we must remember that, as Lenin used to say, inflation corrupts society more than anything else. Inflation makes people lose the concept of what relative prices are.

[ESTADO] If political timing is important, does the government have an alternative in the event that Congress does not approve a fundamental project, such as the one on fiscal reform?

[Marques Moreira] Right now, we must emphasize and intensify efforts toward drafting a national agenda. [passage omitted]

If society wants a lower inflation rate, we must implement the fiscal reform, the port reform, to lower costs and increase productivity. Fiscal reform is a national project, therefore I do not consider the possibility of not obtaining approval for fiscal reform.

[ESTADO] The reform has not yielded results this year. What can you expect for the economy?

[Marques Moreira] We will begin to notice the effects of last year's fiscal reform from July on. The income tax on the current assets of companies will come into effect. There will be a positive impact on the cash flow. The Federal Supreme Court will rule on 24 June whether collecting the Social Investment Fund, which would increase the revenue, is legal. This strengthens the program from the fiscal point of view. From the monetary point of view, more fiscal support will also yield some positive results. The Treasury will be further restrictive. The return of the new cruzados to the public will end by 15 August. Finally, the accumulation of reserves will be smaller.

[ESTADO] Is the political crisis creating difficulties in negotiations with creditors?

[Marques Moreira] No. Yesterday and today I phoned the U.S. Federal Reserve, the Treasury, the bank steering committee, and our negotiators. They all reported that the negotiations are going on well.

[ESTADO] On 22 June you will be in New York. Will you close a deal?

[Marques Moreira] No, but I will make a major effort toward that goal.

[ESTADO] How are the Brazilian reserves?

[Marques Moreira] They are at a comfortable level. They are equal to nearly a year of imports. That gives us certain tranquility. It is clear that there will not be an exchange crisis, that there will not be hyperinflation.

[ESTADO] A little more than a month ago you said that the country had hit the bottom in terms of recession. What is your evaluation now?

[Marques Moreira] In the past few months, the IBGE [Brazilian Institute of Geography and Statistics] figures clearly established that during the first quarter of the present year, in comparison with last year, the economy grew by 5.8 percent. It is true that the base was low, but in April 1992 the base increased a bit as well as electricity consumption, steel production, traffic in the Sao Paulo-Rio de Janeiro air bridge, and publicity in the media. These are positive signals of an economic takeoff. Obviously, at a moment of uncertainty, there is a certain stagnation.

[ESTADO] How can you explain the fact that inflation cannot drop below the 20 percent rate?

[Marques Moreira] The 20 percent inflation rate is another myth. A year ago, everyone said that it was necessary to apply one economic shock treatment per year, and that inflation would only drop with a shock. There has been no shock. Then they immediately began to say that inflation would climb again following a shock. But inflation reached 30 percent and then it dropped, without a shock treatment. The theory now is that inflation will not drop below 20 percent. Inflation, like several things in the economy, does not drop steadily. It finds certain levels of resistance, but I think it will drop.

[ESTADO] Even with indexation?

[Marques Moreira] Indexation is currently relative. It used to be much more extended. Prices and salaries were indexed. It is not like that anymore. The people's minds, however, are still attuned to indexation. People do not think about costs or markets, but about recovery from wage and price lags. People must learn that prices are set based on costs and the market. And costs are something that can be controlled. If something cannot be sold, well, reduce the cost.

[ESTADO] Is it possible to resume the talks with businessmen? Is it possible to again talk about agreements?

[Marques Moreira] Yes, it is possible to talk again, but not about agreements or a social pact. It is always possible to talk. The meeting with the different productive chambers was canceled because they had an expectation that there would be a pact. People are still very nervous. This is why this anti-shock learning system takes a long time. When I invited journalists for a talk, the word was spread that I would announce a new shock. Anything serves as an excuse to talk about a shock.

[ESTADO] Is it possible to discuss the national agenda even when there is a political crisis?

[Marques Moreira] It is even more necessary. Our great problems are structural ones. We cannot overlook this. I am thinking that when I return from New York I will call the big business leaders to discuss the national agenda to see if we can reach a consensus about the basic structural reforms.

## Chile

### Supreme Court Rejects U.S. Extradition Request

PY2406144692 Santiago Radio Cooperativa  
 Network in Spanish 2300 GMT 23 Jun 92

[Text] Justices of the Third Supreme Court Chamber have unanimously rejected the extradition request submitted by the U.S. Government for former Investigative Police Captain Sergio Oviedo Torres. In this manner the Supreme Court Chamber confirmed the resolution

issued by the Supreme Court president, who previously had rejected the U.S. petition for the extradition of Oviedo Torres.

The resolution was signed by Justices Hernan Cereceda, Lionel Beraud, German Valenzuela, and member lawyers Fernando Mujica and Arnaldo Gorgiglia.

The resolution states that there is no evidence that proves Oviedo's participation in cocaine trafficking to the United States. According to the U.S. Embassy lawyer, Oviedo Torres reportedly had facilitated the departure from Chile of a female trafficker carrying cocaine to the United States.

Oviedo Torres, who was held in custody for 15 months, upon being notified of the resolution said that everything was part of a plot, although he has full confidence in the Supreme Court. He added that during the period when his extradition was negotiated, he received no support from his institution nor from its former director, Horacio Toro.

Oviedo Torres said that although he had to defend himself alone, he is willing to rejoin the Investigative Police. It is appropriate to mention that when the trial began, Oviedo was under the retirement system, because he completed his mission just before the end of the military regime.

### Aylwin Urges People To Vote in Elections

PY2506024192 Santiago Television Nacional  
 de Chile Imagen Internacional in Spanish 0000 GMT  
 25 Jun 92

[Text] President Patricio Aylwin has called for all Chileans to vote in the municipal elections scheduled for 28 June. In light of the upcoming municipal elections, Aylwin today visited the press and computer center established by the government at the Diego Portales building. He and his cabinet members were briefed on the system to be used by the Interior Ministry to obtain, process, and release to the public the results of the municipal elections. After visiting the facilities intended for the local and international press, Aylwin urged Chileans to exercise their rights.

[Begin Aylwin recording] I am confident that next Sunday all Chilean citizens will understand the significance of this event—not only to elect the best authorities for the communities, those who can better interpret the people's needs, but also to consolidate a democratic system based on the great support of the people. [end recording]

Aylwin said that abstention reflects disinterest, and emphasized that nobody has the right to complain if he does not participate in the country's events—in this case in an event involving their communities. He finally said that the violent demonstrations that have occurred in the past few days constitute attempts against the democratic

system. He voiced his confidence that these incidents will not prevent the normal development of Sunday's municipal elections.

#### Security Measures Viewed

PY2506010992 Santiago Radio Chilena Network  
in Spanish 1700 GMT 24 Jun 92

[Excerpt] Brigadier General Guido Riquelme, the Metropolitan Region and San Antonio Province commander, has said that preventive measures in case of extremist actions have been included in the security measures for the upcoming municipal elections.

Gen. Riquelme added that instructions have already been issued to the police organizations, which, by law, can investigate and implement preventive and deterrent measures in situations that could alter the normal development of the elections.

He thus explained the measures that will be taken, bearing in mind the recent attacks on town halls and ballot stations. He said:

[Begin recording] As I told you a few days ago, if I am not mistaken, preventive measures are being taken as part of our preliminary planning.

We will act when needed. We are safeguarding public tranquillity and ensuring the normal development of these elections. [end recording]

He added that many forms of preventive actions could be taken but, for obvious reasons, these cannot be revealed because interested groups could take their own countermeasures. [passage omitted]

#### Bombings Reported in Santiago, Valparaiso

PY2406135892 Santiago Radio Chilena Network  
in Spanish 1100 GMT 24 Jun 92

[Report from mobile unit by Juan Manuel Ramirez]

[Text] Unidentified individuals planted a bomb early this morning at the Christian Democratic Party district office in Quinta Normal District. The strong explosion destroyed windows and doors but—fortunately—did not cause any injuries.

This bomb must be added to other bombs reported in the Fifth Region last night, specifically in Valparaiso, where bombs damaged the Queen Isabella the Catholic monument at the intersection of Brazil Avenue and Edwards Street. The bomb damaged the pedestal where MIR [Movement of the Revolutionary Left] flyers were left.

Meanwhile, the EL MERCURIO office in Valparaiso, located at 1002 Esmeralda Street, was also hit by a bomb that destroyed its windows. The Bank of the Pacific also was affected by the explosion.

Another powerful bomb, which did not cause any damages or injuries, exploded at the Cerro Alegre hill.

#### \* Party Leaders on State of PPD-PS Relations

##### \* Bitar Comments

92SM0443A Santiago LA NACION in Spanish  
23 May 92 pp 10-11

[Interview with Sergio Bitar, secretary general of the Party for Democracy, by Monica Gonzalez in Santiago; date not given]

[Excerpts] [Gonzalez] The opening of the presidential campaign has unleashed a certain amount of effervescence in the Concertation group and even in the relations between the PPD [Party for Democracy] and the PS [Socialist Party]. Is there danger of a crisis?

[Bitar] I see no quarrels, but rather legitimate competition. We are still very much afraid of the past and of the idea of competing, which is associated with confrontation.

[Gonzalez] The PPD was established because of the legal impossibility of campaigning and presenting candidates, like the PS....

[Bitar] And because of the conviction that the name "socialist" was much more limiting. The PPD has two birthmarks. It was born fighting against the dictatorship. Its marks are human rights and the fight for democracy. The second feature means that it is a party of the period since the collapse of real socialist movements.

[Gonzalez] Leaders of the National Renovation [RN] Party state that their party was established at the end of the dictatorship. Therefore, it has nothing to do with the policies that the military regime followed in the first few years. Do you also wish to speak of your past in an abstract sense?

[Bitar] I do not wish to draw a parallel with the RN, which certainly was linked to the previous regime. In the case of the PPD, there has been a radical change in terms of the history of Chilean political parties. The PPD is pluralistic in the ideological sense. What unites us is not a strict form of ideology.

[Gonzalez] Is the PPD a party that is very different from the PS?

[Bitar] They are two absolutely different organizations.

[Gonzalez] How are they different?

[Bitar] I do not want to make comparisons. I prefer to emphasize the similar elements: a commitment to work together, programs that are very close to each other, and being progressive forces within Concertation.

[Gonzalez] Why did you choose the PPD, when many of your former comrades in the Christian Left went over to the PS?

[Bitar] I became a member of the PS. I was a candidate to be a member of its Central Committee, and I received one of the larger vote totals. There is no incompatibility

between holding socialist principles and being in the PPD. The choice does not imply a change in outlook or values. It is a choice that provides room for greater expansion in building a national majority. I am persuaded that the PPD is the only way to go for building a majority progressive force. The PPD provides the possibility of breaking through the barrier of being a minority party.

[Gonzalez] Are relations good between the PPD and the PS?

[Bitar] Yes. However, it is necessary for the DC [Christian Democratic Party] to understand that the PPD is going to be around for a long time and that it is a force that aims to be the largest in the country and not merely an extension of other groups.

[Gonzalez] Does the DC regard the PPD as an extension of the PS?

[Bitar] There is a lack of understanding that what has been consolidated is a distinct party. The tendency to reach agreements only with the PS has recently begun to change.

[Gonzalez] Could the legitimate competition between Eduardo Frei and Ricardo Lagos turn into a confrontation?

[Bitar] No. I differ with the views of some DC leaders. Chile is entering a phase where, as distinguished from that of 1989, what is involved is democratic options. Concertation is a very compact political force. No one can place it at risk, least of all ourselves.

[Gonzalez] How far is the PPD prepared to go in supporting its choice of Ricardo Lagos for president, without endangering Concertation?

[Bitar] Rather than determining the limits, I would speak of the objective. Our objective is for Concertation to be larger and stronger and for the next government to be led by Concertation. We have to look for a way of doing this. It will not be achieved if a certain formula is imposed and if it is always said that the presidential candidate cannot be anyone other than a member of the DC. That statement is incompatible with the existence of a solid, long-term coalition.

[Gonzalez] Do you accept the view that the presidential candidate of Concertation will be decided when the municipal elections indicate the majority party?

[Bitar] That is not the way for us. Concertation will be stronger when each of the two great political currents composing it makes its own contribution to the entire structure. Is that not better than having one current that is automatically inhibited in what it can do?

[Gonzalez] Have the socialists and the PPD been inhibited in this government?

[Bitar] No, but this has been an exceptional period of time. Patricio Aylwin is the consensus candidate who emerged from a specific agreement. If the two principal political currents make their own contributions to the entire structure, I am sure that Frei plus Lagos will mean many more votes for Concertation.

[Gonzalez] And how will that happen?

[Bitar] In Chile there will be a second round in the elections. In my opinion there should be a Concertation candidate for the second round. I do not know whether we should automatically discard the first round, which could be a kind of primary election.

[Gonzalez] Is Concertation prepared to oppose a first-round contest between Frei and Lagos?

[Bitar] It would be very different from what we saw in the past. We are a little traumatized by those confrontations in which each candidate provides his radically different vision of the world. A Frei-Lagos ticket is nothing like the election of 1970. The two men are going to project the government of President Aylwin. The two of them know that they are going to make up a government together and with the same program.

[Gonzalez] What is the difference?

[Bitar] I say that, in this way, the Chilean people can decide which candidate can better direct the Concertation program. What would be dangerous is to impose a candidate from the beginning and say: "Frei is the man." This could generate weakness and inevitable friction. I would like to see the DC stand in my shoes and think how very difficult it is to say to our people that we have a future program but that we cannot have a presidential candidate, despite the fact that Lagos is a natural choice.

[Gonzalez] In 1989 the socialist current did not insist on Lagos because it knew that the country was not prepared for this. Has that situation changed?

[Bitar] Yes. There is great confidence among us in Concertation. The PPD and the PS have 100 percent confidence in the president. We are with him with our eyes closed, morally and politically. We have close relationships within Concertation because we know that we are building the future of Chile. We are engaged in a historic project. And what has been overcome is the historic trauma of 1973, thinking that a person who comes from the socialist current is necessarily dangerous for the country. It is enough to look at the performance of Ricardo Lagos.

[Gonzalez] Have the socialists changed very much?

[Bitar] The changes are very important in terms of defense policy and attitudes toward businessmen, social affairs, and the internationalization of the economy. I see no reason for the continuation of self-inhibiting psychological traumas.

[Gonzalez] In this administration, Patricio Aylwin has been the defender of his team and also has marked out the goals. In the next government, will the president continue being as important?

[Bitar] As democracy is consolidated, we should feel the strength of the social and representative forces. Therefore, there should be less imperial power. Furthermore, we should have a less dramatic sense of politics.

[Gonzalez] Will we not have become used to the drama?

[Bitar] There may be some of that. It is said that there is apathy. However, what is happening is that the kind of decisions that are being made are not as important of those of 1988 and 1989, or those of 1970 and 1973. Our lives were spent on pretend revolutions about liberty and coups d'etat. I believe less and less in making new beginnings. Political processes are gradual and long-term, and change is based on democracy. Therefore, the next government will be less spectacular. I also believe that there should be a change in the political system, toward a semipresidential system.

[Gonzalez] But President Aylwin does not like that kind of change.

[Bitar] For that reason it will not be proposed by this government. However, we should not close it off entirely, only postpone it.

[Gonzalez] Did you reach that compromise with Genaro Arriagada?

[Bitar] Genaro shares this view and many other things with me, except the ways of handling them, and they can be discussed.

[Gonzalez] Was it due to political machinations that you were left out of the cabinet?

[Bitar] No. Furthermore, that situation later changed with some proposals that I will not discuss publicly.

[Gonzalez] Are you going to enter the cabinet?

[Bitar] No, I have my course set. My duty now is to help the PPD move into a new phase and move ahead. There must be many changes in it to renew its thinking and give it more strategic substance.

[Gonzalez] Are you afraid of using the word "ideology"?

[Bitar] Yes. I do not like that word because it has many connotations. The political parties and human beings must have an ideology, but the word means different things to different people. Therefore, I say "strategic projection." And because we did not state our identity in the past, the building of the future is the principal identity factor.

[Gonzalez] Will you be a presidential candidate of the PPD?

[Bitar] Yes!

[Gonzalez] With Jorge Schaulsohn as your running mate?

[Bitar] Yes.

[Gonzalez] Will you run for the presidency of the PPD against Jose Antonio Viera-Gallo?

[Bitar] In a democracy everyone has rights. I have great respect for Viera-Gallo, who has been a great leader and a very important contributor to the PPD. [passage omitted]

[Gonzalez] And after being president of the PPD will you enter Congress?

[Bitar] Yes. I want to be a candidate for senator for the First Region. This is not up to me. However, in politics there is nothing worse than not knowing what you want. Therefore, I will put Hamlet away for now.

#### \* Ominami Comments

92SM0443B Santiago LA NACION in Spanish  
24 May 92 pp 6-7

[Interview with Economy Minister Carlos Ominami by Monica Gonzalez; place and date not given]

[Excerpt] [passage omitted] [Gonzalez] You have just returned to Chile after a successful visit [to the United States] and you have been received, together with Ricardo Lagos, by the elite of Chilean employers at a meeting organized by the Center for Public Studies [CEP]. Are the changes continuing?

[Ominami] We accepted the CEP's invitation to a meeting at which a significant number of the employers of the country were present.

[Gonzalez] What were they concerned about?

[Ominami] They expressed some doubts, which still persist, about the solidity of our convictions about the market economy, opening up the economy, the subject of property in general, and more particularly, matters involving public companies, future privatizations, and the situation involving Codelco [Copper Corporation].

[Gonzalez] You speak of "doubts that still persist." Have other doubts been cleared up?

[Ominami] I feel that they have. I have had attended other meetings of the CEP and also have had other contacts with the employers. I feel that the situation has changed. Previously, the questions were aggressive and reflected an absolute lack of confidence.

[Gonzalez] Did they go so far as indicating that you lacked qualifications for the job?

[Ominami] Practically so, or there seemed to be a serious risk that some people attending would go home to mother. The picture today is diametrically different. Our legitimacy has been affirmed, but there are still people

who have doubts. At that meeting, we cleared up some doubts and also stated our positions in a climate of complete respect, as distinguished from the previous meetings.

[Gonzalez] Was Ricardo Lagos invited as a presidential candidate or as minister of education?

[Ominami] I believe that the people who attended the meeting saw Ricardo as a presidential candidate.

[Gonzalez] And you?

[Ominami] They saw me as someone who accompanied the presidential candidate (laughing out loud).

[Gonzalez] Does the presidential candidacy of Ricardo Lagos place Concertation at risk?

[Ominami] No. It is absolutely proper to have competition between the various leaders within Concertation. The only limit that must be respected is maintaining Concertation. No one can risk that.

[Gonzalez] Will Ricardo Lagos only continue his candidacy until it threatens a breakup of Concertation?

[Ominami] I believe that Ricardo Lagos is not prepared to break up Concertation and that all of his future political activity will be in that framework.

[Gonzalez] Then the Lagos candidacy will only be a gesture, because the majority party is the PDC [Christian Democratic Party].

[Ominami] At one time that same kind of logic prevailed. The majority party imposed its candidate, and no one challenged that right. It is not clear whether that has to happen again.

[Gonzalez] Sergio Bitar proposed that to settle the problem and to avoid friction, there should be a second round in the presidential election, with a commitment then to a single candidate. In the first round, candidates could compete, as in a primary election.

[Ominami] It seems to me that this is a possible solution. We should use the possibilities that the constitution itself offers. One formula is to compete in the first round on the basis of a commitment by the various candidates to withdraw from the second round in favor of the candidate in the best position.

[Gonzalez] Will there be a presidential candidate from the PS [Socialist Party]?

[Ominami] We have an agreement to freeze that subject until 28 June.

[Gonzalez] German Correa has announced his candidacy. Did he break that agreement?

[Ominami] He has said, probably correctly, that he was not a party to that agreement by which I certainly feel bound.

[Gonzalez] Where do you stand in the PS?

[Ominami] Among those who want to have a PS that will join with the PPD [Party for Democracy] in establishing a great political force that can compete successfully with the other political groups. All of the efforts that have been made to set up groups around specific persons have been of very minor significance. Therefore, I am not a member of any group in particular. I have joined in the effort that the party leadership has been making recently to consolidate the socialist choice.

[Gonzalez] Would the election of Sergio Bitar to the presidency of the PPD make a convergence with the PS difficult?

[Ominami] That depends. The principal question is not a matter of individuals.

[Gonzalez] In the Chile of today, political life is conducted on the basis of groups led by individual persons.

[Ominami] That is true. However, the positions that people take also matter. I believe that the relationships between the PS and the PPD have not been managed very well. I have a critical view of the matter. Instead of projecting ourselves as a political force with a high degree of flexibility and coherence, we have appeared like two families engaged in a permanent dispute. That has taken influence away from us. The old forces of a left that is sociologically and not politically oriented continue to appear in the polls because part of the left is going to vote for the center due to our inability to develop an alternative.

[Gonzalez] How do you hope to reverse that situation?

[Ominami] The idea of a "holding company" made up of the PPD and the PS, each one doing its job very well, with the PS handling issues of the left and the PPD broadening the possibilities toward the center, has worn out. This arrangement, which used to look very sensible, turned out to be inadequate. People were able to perceive its incoherence. I am going to concentrate all of my efforts on changing that situation.

[Gonzalez] How will you replace the "holding company"?

[Ominami] By a process of accelerated convergence of the PPD and PS, aimed at establishing a single political force at some time.

#### 'I Am Available'

[Gonzalez] Is Carlos Ominami beginning to take shape as a political leader?

[Ominami] I came to the Ministry of Economy as a politician. It has also been comfortable for me to carry on political activities on the basis of specific professional competence. I adjusted well to this dual capacity of being a technician and a political leader.

[Gonzalez] Are you going to develop your plan for a convergence between the PPD and the PS?

[Ominami] Of course. I am a member of the Political Committee of the PS. However, in addition, I am a founding member of the PPD, and I was its vice president for a time. I feel that I made a contribution to the PPD. What I think is that these two forces are moving together into a single political grouping that will be more consistent.

[Gonzalez] Are you available to participate as a leader in this process of convergence?

[Ominami] I am already participating, and, in terms of the near future, I have said that I am not pursuing an individual career and that I am prepared to submit to decisions made as parts of a collective program.

[Gonzalez] Do you plan to be a candidate for Congress?

[Ominami] Possibilities are opening up, and the option of running for Congress is interesting. I like it and do not reject it. However, I have made no decision on the matter.

[Gonzalez] When will you make a decision?

[Ominami] The municipal elections are going to be very important. We must be clear as to whether there will be electoral reform. If not, the possibility of running for Congress is not attractive, because I am not prepared to run against any party comrade just to be a candidate. I am not prepared to throw anyone out of the window.

[Gonzalez] If it depended on you, what would you have done differently in this government?

[Ominami] Several things, such as proposing the need for a basic reform of the public administration more forcefully. The public administration does not meet the needs of the situation. It is slow and bureaucratic, and it does not respond with the speed and clarity required. It is an area of weakness that will have to be addressed.

[Gonzalez] There is a great difference between your socialist outlook, after two years of intense experience in the government, and the outlook of the socialist world living on the margin of events. Are you aware of this?

[Ominami] Yes. I feel that I have an opportunity to live through a situation that includes those two opposite positions. However, we are on a road where the two positions, over the long run, are tending to converge and not to clash in an unavoidable way.

[Gonzalez] Do you see any danger that the MIDA [Allendist Democratic Left Movement], led by Mario Palestro, will try to obtain the support of that disenfranchised, socialist fringe group?

[Ominami] The country has advanced a considerable distance in terms of perceiving and resisting populist or demagogic temptations. The people have matured and

are not prepared to accept easy solutions. That leaves the MIDA attracting very limited support from the people.

[Gonzalez] An attempt was recently made to kill your son, who is really the son of Miguel Enriquez. How did that affect you?

[Ominami] I had the good fortune to be with him a few minutes after that happened. It affected me because I love him as if he were my son. Whoever it was who set fire to the automobile is someone who is terribly deranged, and I do not know where he could have come from. In no way did Marco Antonio provoke this kind of reaction. For the time being, I believe that it might have been one of a number of very different groups responsible for this attack. That is the dramatic aspect of it.

[Gonzalez] All day long you deal with very pragmatic issues. Do you leave yourself time to dream about building a socialist utopia?

[Ominami] I may be involved in pragmatic matters, but I always attach a more abstract meaning to what I do. What we have done over the past two years has been essentially this: bringing our utopias closer. Yes, I leave myself time to dream. And in the course of my party work, I try to make my most hidden dreams a reality.

## Colombia

### Tax Reforms Approved by National Congress

PA2406183892 Santa Fe de Bogota Inravisión  
Television Cadena 1 in Spanish 1630 GMT 24 Jun 92

[Text] Despite the predictions to the contrary, the National Congress approved the tax reform of [Finance and Public Credit Minister] Hommes. Was it a resounding victory for the Gaviria administration? Well, Congress made important changes to the government's original bill, and this is what was left. Here is a report by Adriana Ayala:

[Begin recording] [Ayala] The tax reform is now the law of the nation. Beginning next year, the Colombians will have to pay higher taxes. The main points of the reform are the increase in the VAT [Value Added Tax], which the Colombians will have to pay when they purchase goods or obtain services. The products and services for which the VAT tax will not be paid are: food, raw materials to produce medicine, farm machinery, rents, medical and dentistry services, ground and air transportation tickets, and some family use products such as toothpaste and bath soap. The VAT on other manufactured products will increase from 12 to 14 percent.

As for the income tax, individuals who are obliged to file income tax declarations will pay a 37.5 percent tax. Independent workers and wage earners who have an income of less than 7 million pesos a year will be exempt from paying income taxes.

Another point that affects Colombians' pockets is the revenue stamp tax. This includes new taxes for arms permits, a higher fee for the issuing of passports, and higher taxes for the processing of public deeds or sales contracts. The tax reform also establishes new taxes for companies exploiting petroleum in the country. Beginning next year, each company will have to pay 600 pesos for each barrel of light crude and 350 pesos [figures as heard] for each barrel of heavy crude.

[Representative Victor Renan Barco] The government wanted an 18 percent VAT, but it was left at 14 percent. The government wanted to establish it beginning in 1992, but it will go into force on 1 January 1993. The government wanted to reduce the number of family basket products exempted from the VAT, but we expanded the number of products. [end recording]

#### Finance Minister, Senators Comment

PA2506024892 Santa Fe de Bogota Inravisión  
Television Cadena 1 in Spanish 2300 GMT 24 Jun 92

[Text] Tax reform is about to become a law of the Republic, despite many cuts. Now Senator Rodrigo Marin Bernal is filing a suit against the tax reform bill, claiming that the last procedures in Congress violated the constitutional and congressional bylaws.

[Begin Marin recording] Once the law is approved, I am planning to file suit. What we lost, politically speaking, at the morning sessions that the president of the Republic held with the representatives and senators to change their views against the reform, we will probably win back in the courts. [end recording]

The government and the majority of congressmen do not believe the reform will fall through.

[Begin recording] [Finance Minister Rudolf Hommes] I do not share Senator Marin Bernal's opinion. This was all very carefully studied, and it was all done in line with the new congressional bylaws. I think the bylaws will fail before the tax reform ever fails, and even then we would have a good case.

[Senator Renan Barco] In a country where there is no absolute juridical certainty, we have many reasons for feeling sure and for believing that there is nothing unconstitutional about the procedures for passing this law. [end recording]

#### Rebels Allegedly Reject Government Proposal

PA2506024592 Mexico City NOTIMEX in Spanish  
0126 GMT 25 Jun 92

[Text] San Jose, 24 Jun (NOTIMEX)—On 24 June, the Simon Bolivar National Guerrilla Coordinating Board (CNGSB) rejected the Colombian Government's 48-hour deadline for the rebel negotiators to return with guarantees to the rebel camps, Commander Alfonso Cano told NOTIMEX.

A Mexican Government delegation composed of Sergio Romero, international observer of the negotiations; and Gustavo Inuega, Mexican Foreign Secretariat representative, returned from Colombia with the government proposal to grant only 48 hours of guarantees to the guerrillas.

Cano, commander of the Revolutionary Armed Forces of Colombia (FARC), told NOTIMEX on the telephone from Tlaxcala, Mexico, that in the Caracas agreements and during the initial negotiations in Mexico, a 72-hour deadline was considered. During this time, the negotiators would receive guarantees to be able to return to the camps.

"General Gil Bermudez (commander in charge of the Colombian Army) wanted the timeframe to be 24 hours, but finally the military forces extended it to 48 hours, which is a restriction on former agreements," the FARC leader stated.

"It is not merely a problem of personal security for the CNGSB dialogue commission, but basically it seeks to save the negotiating process," he added.

Any provocation against the guerrilla negotiators upon their arrival in Colombia would disrupt the peace negotiations for many years, Cano warned.

What we want, therefore, is for them to give us "guarantees that the counterinsurgency operations will cease for 74 hours, not only for the security of the negotiators, but to save the peace process," he added.

#### Narcotics Agreement Declared 'Unconstitutional'

PA2506011892 Santa Fe de Bogota Inravisión  
Television Cadena 1 in Spanish 2300 GMT 24 Jun 92

[Text] International cooperation on the struggle against narcotics trafficking has had a setback in Colombia.

A Chamber of Representatives commission has declared the Vienna Convention signed by Colombia in 1988 unconstitutional. That convention is a treaty calling for all countries to join efforts in the war against drug trafficking.

The Chamber of Representatives adopted this decision because it believes the convention favors the extradition of Colombians.

#### Former Police Chief Charged, To Stand Trial

PA2506040792 Santa Fe de Bogota Inravisión  
Television Cadena 1 in Spanish 2300 GMT 24 Jun 92

[Text] Retired General Jose Guillermo Medina Sanchez, former director of the National Police, will have to appear before a penal court to answer charges of illegal enrichment during his term in office. The investigations began following a report that appeared in a U.S. magazine, TIME.

Gen. Medina Sanchez will have to stand trial for illegal enrichment, the Supreme Court ruled on 24 June after studying the case and deciding there were sufficient reasons for bringing the case before court.

The former director of the national police has not been able to justify the origin of his wealth. He has six checking accounts in the millions, three apartments, and one residence in Bogota. According to the court, it is impossible that Gen. Medina could have purchased all of that property based on his salary and other revenues.

In addition, the magistrates ordered other investigations dealing with favoring certain businesses and drug trafficking activities; however, there is not enough evidence either to accuse or to absolve the general. Therefore, the court has ordered more investigations.

Gen. Medina Sanchez was dismissed in January 1991 by President Cesar Gaviria. The Attorney General's Office began investigating him in 1989.

#### \* Prospects for Counterinsurgency Effort Viewed

92SM0446A Santa Fe de Bogota SEMANA  
in Spanish 2 Jun 92 pp 33-35

[Excerpt] [passage omitted]

#### New Scenario

Dabeiba, Cocorna, and Padilla, like other recent incidents in Corinto, in Cauca, and Peque and Frontino, in Antioquia, where military forces have demonstrated a greater capacity for infiltration, planning, prevention, and response, are the result of new circumstances characterizing counterinsurgency activity and resulting from the far-reaching process of military reorganization and restructuring undertaken by the government last year. It is an effort that comes on the heels of the bloody and destructive terrorist offensive with which the Guerrilla Coordinating Committee responded to the taking of the Uribe stronghold.

In general terms, the new strategy may be summed up as follows:

- Intelligence: Greater economic means now make it possible to buy information, reflected in the fact that the paltry sum of 30,000 pesos assigned by military budgets to each brigade has been increased to a million, a significant, if inadequate, figure.
- Program for deserters: In the hottest regions, military commands may pay up to 500,000 pesos to surrendering deserters who provide information on the front to which they belong. If they turn themselves in with a rifle, they get an additional 100,000 pesos, and if their tips lead to the capture of the commanding officer of the front, the bonus increases to 1 million pesos. More than 600 deserters have taken advantage of these benefits throughout the national territory since the program went into effect in the middle of last year.

- Mobile brigades: This innovation, introduced at the end of 1989 and used to strike at the EPL [Popular Liberation Army] with sufficient harshness to force it to comply with the peace process, was beefed up and expanded last year thanks to the war tax. Today, two mobile brigades are in operation and enjoy the advantage of not coming under any regional command, meaning they can move from the territory of one brigade to that of another when in pursuit of a specific guerrilla front and without requesting permission from any superior. They have the added advantage of continuity provided by the experience that a mobile brigade has built up over a period of several months in pursuit of a single guerrilla front or group of fronts.
- Professional soldiers: These soldiers are picked from the best regular soldiers who, upon completing their military service, may apply for the rank. They earn nearly twice their normal pay, which they can generally save because food and clothing are provided. Both before and after completing their service, they receive two months of specialized counterinsurgency training. They may be assigned to a mobile brigade or the counterinsurgency battalion of any other brigade.
- Regular troops to control area: As an additional task of the mobile brigades and counterinsurgency battalions, regular troops are responsible for controlling areas where professional soldiers have first destroyed the guerrilla organization. The latter must not be allowed to revive when counterinsurgency forces withdraw, which prevents guerrillas from infiltrating and blending with the peasant population once the repressive offensive is over.
- Armored and air attack: Urutu and Cascavel tanks, along with A-37 aircraft and helicopter gunships, provide continuous support for the troops when they make contact with the guerrillas. Consequently, the budget is of even greater importance because a large share of all funds collected in the form of the war tax is earmarked, not to purchase K-fires or submarines, but rather, to maintain and operate such equipment. As a result, far fewer such engines of war are now idle due to a lack of fuel or spare parts.

#### Dialogue

Such conditions are more essential than ever at a time when the path of the dialogue and a negotiated solution to the guerrilla conflict has reached an all-time low following the failure of the Tlaxcala talks. Indeed, few informed observers see any chance of success, in short- or medium-range terms, in negotiations with the Coordinating Committee.

Minister of Government Humberto de la Calle has moved from the "moderate optimism" of which he spoke last year to a far more pessimistic view. "All indications are that it will take many months, or even years," he told SEMANA, "before the guerrillas, perhaps as a result of strong military pressure, will revise their goals and seriously consider talks."

Nor is that all. Both the government and broad sectors of public opinion share the view that any possibility of dialogue is not only scant, but almost nil. The president has reverted to a sharper tack, as he demonstrated in a speech on Thursday in which he called the guerrillas hired assassins, drug traffickers, poppy growers, bandits, cynics, and the champions of human rights violations.

It is a fact that this conviction is gaining ground, mainly because more and more Colombians think the guerrillas have long since ceased being an organization having political objectives and have turned into nothing more than a gang of criminals, as shown by the most recent revelations concerning their sources of financing (see tables).

"No reintegration program can be attractive to a guerrilla from the FARC or ELN [Army of National Liberation], which use the copious funds generated by extortion, kidnapping, payoffs from drug traffickers, and public monies from departments rich in oil and coal royalties," was the disappointed comment of one Peace Council official participating in the Caracas and Tlaxcala talks. "A seat in Congress may be an attractive prospect for Alfonso Cano, but not for chiefs of finance of the fronts," he added.

#### Times of Decision

What therefore seems increasingly clear is that we are in for a long haul. Inasmuch as it is practically impossible to negotiate with a guerrilla force driven by the previously mentioned profit motives, the only solution is to strengthen the instruments of military struggle in order to strike a sufficiently hard blow at those who have risen up in arms and convince them that a negotiated way out is a better option than the business in which they are now engaged.

However, while public opinion is gradually coming around to this view does not mean that people are equally convinced that it is possible to win the war. Although confidence in the Army's effectiveness seems to be growing (see survey), it will take far more than the most recent operations to persuade Colombian society to wage and win the battles ahead. One has but to recall the experience of the war against drug trafficking under the Barco Administration and how fickle public opinion was at the time. Within days of Luis Carlos Galan's assassination in August 1989, the country backed the government and security organizations, but following attacks such as the one on the DAS [Administrative Department of Security] building in early December, the Colombians, overcome by fear, softened.

The backing of public opinion can undoubtedly be won by new and greater military successes. In order for this to happen, however, we must have continuity in political as well as budgetary decisions so that the military machinery will not be forced to halt for any of these reasons.

In terms of the budget, the Ministry of Defense has in recent months set about showing the National Planning Department and Ministry of Finance that in this area, payments cannot be delayed because any lag in payment to an informer or in the transfer of funds for gas could create a military disaster.

"Setting up an intelligence network in a region takes months and months of work," the defense minister told SEMANA, "but all it takes is for the system not to be fed a single day before the whole thing comes down like a house of cards." To cite the example of maintenance and operating expenditures, if, when guerrilla movement is detected in a specific area, the helicopters are not ready to take off, many days could pass before the chance of a strike against the guerrillas comes again."

However, perhaps the most important thing of all is continuity in political decisions. Behind the reorganization of military spending, which gave rise to so much debate last year, was the attitude of President Gaviria himself, who has always told Planning and Finance officials, and the country as a whole, that "we have to invest more in security."

If that attitude should change as a result of pressure from certain sectors that, as was the case this week with Congressional President Carlos Espinosa, are determined to revive a dialogue that so far has been absolutely fruitless, the effect on the colonels now commanding the troops could be fatal. Many of these officials are willing, as they rarely were in the past, to stake their own hides and those of their soldiers along with them. If, in the middle of such labors, however, developments in a new round of talks imply any kind of halt along the way, it will be nearly impossible to regain the level of enthusiasm and morale now apparently reigning in certain battalions.

One final doubt can put the continuity of current actions at risk. Does Gaviria's government, now at its lowest level of popularity ever, have sufficient rallying power to go into and win the battles looming on the horizon? The most obvious answer is that it does not and that, for that very reason, it may not risk burning its bridges. However, one may also be justified in thinking that what the president needs to regain the leadership that has characterized him since he served as Virgilio Barco's minister of government is precisely to lead and sustain the offensive. Naturally, a prompt renewal of negotiations, which the guerrillas seem inclined to ask for, may enable the government to do a bit of capework for a few months and, in the absence of peace, at least achieve some appeasement. However, it is also possible that what the president needs right now, given the attitude of the guerrillas and if the goal, rather than pacification, is to create the conditions for a lasting peace, is not so much a cape as it is a crutch and a sword.

[Box, p 34]

### Colombians Express Their Opinions

Based on the most recent fighting against the guerrillas, do you think the Army is more effective, less effective, or just as effective as it was a few years ago?

|                   |       |
|-------------------|-------|
| More effective    | 35.7% |
| Less effective    | 30.1% |
| Equally effective | 26.8% |
| Do not know       | 7.2%  |

Do you think the Armed Forces should take the initiative and use all means to fight the guerrillas?

|             |       |
|-------------|-------|
| Yes         | 60.7% |
| No          | 31.9% |
| Do not know | 7.3%  |

A year and a half ago, the Armed Forces seized control of Casa Verde, the FARC's main headquarters in La Uribe, Meta. Do you think the action strengthened or weakened the guerrilla movement?

|               |       |
|---------------|-------|
| Strengthened  | 41.6% |
| Weakened      | 41.6% |
| Had no effect | 16.7% |

Which of the following two do you consider the country's greatest enemy at the present time?

|                  |       |
|------------------|-------|
| Drug trafficking | 25.6% |
| Guerrillas       | 60.2% |
| Neither          | 7.4%  |
| Do not know      | 6.6%  |

[Box, p 33]

### Guerrillas, Inc.

The most recent investigations by security organizations, which were based, among other things, on the seizure a few weeks ago in Northern Santander of a computer disk containing important data on the ELN's extortion and kidnappings, provide an idea of the dimensions of these criminal dealings.

Along with other data, the disk contains information on the most important kidnappings pulled off by the ELN in 1991. It concludes that the average ransom demanded in such cases is 380 million pesos and that the organization does some 32 kidnappings a year. This in turn implies that from this activity alone, the ELN earned upwards of 12 billion pesos last year. According to the computer data, extortion aimed at enterprises in the region generated 91.5 billion pesos, plus another \$6.2 million, totaling more than 5.3 billion pesos.

Documents seized in connection with the FARC's Strategic Plan show that in 1992, each of the organization's 16 most active fronts was required to collect an average

of \$1.5 million, the equivalent of more than 900 million pesos, for a total of 14.4 billion pesos.

Other investigations have confirmed that of a total of 18 billion pesos budgeted by departments such as Arauca, Casanare, and Huila, mechanisms such as communal action juntas and fictitious foundations have netted the FARC and ELN nearly 35 percent of such resources in 1991, about 6.3 billion pesos. This new category shows signs of high growth for this year unless the supervision of such resources in oil-producing departments is stepped up considerably.

These figures are but a sample of the dimensions of guerrilla enterprises and do not include funds that both the FARC and the ELN collect in the form of a 20 percent tax on the sales of coca growers and processors in different regions of the country, a business that conservative estimates say brings in an additional 15 billion pesos.

### \* ELN Influence in Santander Region Discussed

92WR0348Z Santa Fe de Bogota SEMANA  
in Spanish 2 Jun 92 pp 36-37

[Text] A string of five army helicopters flies over the Northern Santander mountains. Ever so slowly, they settle on the landing pad of the Maza Mechanized Battalion based in Cucuta. On them are the soldiers of Mobile Brigade 2, a specialized antiterrorist unit. The soldiers are wearing fatigues and their rifles and ammunition belts strung across their shoulders. In less than a minute, the men are out, and the helicopters are gone. The soldiers have a specific mission in this area of the country: to fight the top ELN [National Liberation Army] leadership. This decision was made last week by the high military command and announced to the public by General Luis Eduardo Roca Maichel, commanding officer of the Armed Forces: "Brigade 1 will continue its military operations in La Uribe until it completes its assigned mission of destroying the Secretariat of the FARC [Revolutionary Armed Forces of Colombia]. Brigade 2 will attack the ELN leadership directly." Roca's words were interpreted as a declaration of war on one of the most organized subversive groups in the history of guerrilla warfare in Colombia.

Over the years, Father Perez and his followers have laid their plans to seize control of the two Santanders and turn them into "independent republics." There was no need to wage an all-out battle in the field to achieve their objective. The ELN found a weapon far more powerful than the Galil rifles and Cascavel tanks in their quest for respect and power: the Cano Limon-Covenas oil pipeline, which the ELN has used to "get a handle" on the situation. In the words of one high Army official, "The ELN soldiers have been like leeches, sucking the blood of their victims until they die." That is what they have done with the pipeline. The 340 km pipeline through the Santander mountains has been all they needed to sow terror in one of the most prosperous areas of the country. The "tube," as people who live in the region call it, is a

kind of lotto that has provided the guerrillas with economic, social, and political power, and the ELN has made the dividends pay off.

Politically speaking, the ELN has succeeded in controlling the zone by intimidating popularly elected mayors, which it did during the candidates' campaigns. Before the candidates could engage in their proselytizing, they were forced to submit their platforms for the ELN's approval or rejection. Anyone refusing to give in to such blackmail was forced to drop out of the political campaign. Those who were elected but who failed to go along with the agreement received death threats and were simply forced out of office. Others decided to face the consequences and have remained in office, as did the mayor of Cucuta, who, after serving out his term, will either leave the region or is a dead man!

Nor were the mayoral candidates the only ones threatened. The "vaccine" was also administered to anyone aspiring to municipal council posts. All decisions concerning the handling of budgets, social investments, and municipal accords would first have to make it through the guerrilla filter before being approved at full council meetings. "In Zulia, Tibu, Convencion, Puerto Santander, Arauquita, Saravena, and Tame, along with some 30 other towns, no budget can take effect without receiving prior approval from the guerrillas," SEMANA was told by General Harold Bedoya.

However, if the ELN has gained control of the political strings in these two regions of the country, it has not lagged behind in economic terms either. Over the past two years, National Liberation Army units have kidnapped 850 persons. They demand astronomical ransoms ranging from 200 to 500 million pesos. Such is the case of politician Norberto Morales Ballesteros, held for 80 days by a band of the EPL [Popular Liberation Army] that operates jointly with the ELN in the outskirts of Bucaramanga. Some 340 million pesos were paid for his release. Furthermore, all wholesalers at the central supply center of Bucaramanga, numbering about 50, make payoffs, known as "vacunas," of 50 to 100 million pesos. Every ELN unit has orders from the central command to make its quota of kidnappings. This explains the noteworthy increase in kidnappings of persons from the upper middle class in Cucuta and Bucaramanga in recent months. The terrorists demand ransoms ranging from 4 to 8 million pesos.

However, it is not only in politics and economic affairs that the ELN has given the two Santander regions a black eye. It also controls the social realm, with the Cano Limon-Covenas pipeline playing a key role. Every time the labor confederations call a national strike or the government announces its intentions to raise public transportation fares or gas and public service rates, ELN units have a standing order to blow up the pipeline to destabilize the situation and create a climate of conflict. "The 'tube' is so profitable that when the government releases unemployment figures for the country, the guerrillas decide to blow it up in order to make the people

believe that jobs are being created. It uses companies of peasants skilled at taking back the damaged pipeline sections, who offer their services to Ecopetrol [Colombian Petroleum Enterprise] engineers. Caving in to pressure in the disaster zone, the latter are forced to hire them," SEMANA was told by Colonel Montoya, commanding officer of the Maza Battalion based in Cucuta.

How did the ELN manage to gain control of two departments? At first glance, such an undertaking would appear to be impossible. However, the organization's central command developed a strategy of penetration allowing it to move as easily as a fish in water. ELN members have infiltrated public enterprises and local governments, which gives them a network of first-hand information. It has set up a complex system of control for the pipeline, with each front responsible for one jurisdiction. It works jointly with the FARC and the dissident EPL group. In the region of El Tibu and El Zulia, they operate out of a war front known as the Libardo Mora Toro Unit, which is part of the EPL. This company is responsible for controlling the region and is backed by the Ernesto Roja front, which kidnapped and murdered Argelino Duran Quintero. West of Tibu is the 33d FARC front, whose task it is to provide security for the Catatumbo region where the ELN high command is located. Northeastern Santander is home to the Carlos Armando Cacia Guerrero war front, which controls the entire region with the support of two FARC and one EPL fronts. The Juan Porras Martinez Unit operates around Cucuta and is responsible for the towns of Puerto Santander and Sardinata. The Marta Isabel Escobar Group, assigned to the Bucaramanga region, is one of the ELN's best armed units. The fronts operate as a triangle, a strategy that enables them to repel any army attack.

The ELN has spun a kind of web over the two Santanders that so far has enabled it to impose its law. Mobile Brigade 2 will now have the mission of penetrating that defense, for which purpose it has 6,000 men quartered with the Bucaramanga and Cucuta battalions. Their mission is to take back the region, a task that will encounter many obstacles in a war in which one can already hear the first crackle of rifle and mortar fire. It is this battle, aimed at eliminating what some call the Eastern Guerrilla Republic, that will largely determine the outcome of the war on terrorism that our country has begun to wage.

## Peru

### Fujimori Decree Establishes Rural Banks

PA2406225992 Lima Radio Programas del Peru  
Network in Spanish 2135 GMT 24 Jun 92

[Text] President Alberto Fujimori has announced the promulgation of a law decree establishing rural banks that will allow peasants to receive timely credits. The president made this announcement in Catacaos, Piura. He also said that very soon there will be a special law that

will enable the National Bank to endorse the direct purchase of supplies in order to lower production costs.

In a speech at Catacaos Military Plaza, President Fujimori stated that his government is working for the moral reconstruction of the country and that there should be no differences between parties or ideologies. The president emphasized that Peru should be united in the reconstruction process initiated two months ago. He said there will be no going back on the measures implemented on 5 April.

He added that the dissolved Congress will not be reinstated because the people do not want 240 representatives. The president said the new Congress must be an institution that works with the people and is sensitive to their needs.

The new congressmen, he noted, must be committed to the reconstruction of the country and its interests. Fujimori reaffirmed that the new Congress will be composed of 80 representatives.

The president stated that he is not averse to political dialogue, but the voice of the people should also be heard. The dialogue must be frank and not exclude any sector, he added.

At this time, the president continues to receive the corresponding respects of political and regional authorities in Catacaos. Let us listen to the president as we celebrate Peasants Day:

[Begin Fujimori recording] I repeat that I have signed the law establishing rural banks that will allow us to give good and timely credits to all the peasants with the support of the government. Here in Piura, I learned there are 14 rural banks that are working efficiently, an example of what can be done on the national level. It is through rural banks that we expect seeds, supplies, insecticides, and fertilizers to reach producers opportunistically and quickly. For this purpose, the special law includes an article that allows the National Bank to endorse the direct purchases of supplies by rural banks. Thus, producers' production costs will decrease.

This is also the time to provide some sort of assistance to farmers. By means of a special credit from the Japanese Government, we had been working on the delivery of 96 units. The 96 units include 40 tractors, 10 rice mills, 30 weed eaters, and various other pieces of equipment. We hope to distribute this equipment to farmers through the rural banks under favorable financial conditions. We want to create a fund that can be expanded in the future. This machinery will be distributed through the recently created rural banks, as I just mentioned.

I have heard the voice of another mayor during the course of the day. This mayor belongs to a different party than the La Union mayor. I am pleased to come to Catacaos, Piura Department, because I have found a mayor who does not belong to my party, but who has the support the people of Catacaos. [end recording]

These were some of the statements made by President Alberto Fujimori from Piura. The president praised the courage of peasants during times of crisis, such as the El Nino weather phenomenon in the area. The president was declared an honored guest here in Catacaos. The president gave his complete support to the reelection of the mayor of that important city, Mr. Jorge Moya.

#### **Presidential Ministry Structure Disclosed**

PY2406141492 Lima EL PERUANO in Spanish  
12 Jun 92 p A3

[Summary] President Alberto Fujimori has announced that the Council of Ministers approved the organic law for the recently created Presidential Ministry, which will centralize social aid for the poor. The ministry was created by Decree Law No. 25490 on 11 May; the minister is Jorge Lau Kong. The Presidential Ministry will have the following vice ministries: the Infrastructure Vice Ministry, in charge of sanitation, electrification, school construction, and the administration of the running water system; the Social Development Vice Ministry, made up of the National Fund for Compensation and Social Development, Foncodes, Popular Cooperation, the National Food Program, and other similar organizations; and the Regional Development Vice Ministry, in charge of the relations between the Executive Branch and regional governments, and the investments made by the National Development Institute. The new Presidential Ministry also will allow direct communication between universities.

#### **Government To Accelerate Privatization Program**

PY2406150092 Lima LA REPUBLICA in Spanish  
15 Jun 92 p 4

[By Oscar Vargas Romero]

[Excerpt] The government decided on 14 June to expedite the privatization project with the support of internationally renowned experts having experience in Latin American countries. It announced that 28 gas pumps owned by the state petroleum agency and the Conchan refinery, and eight other enterprises, will be auctioned this month, and that a total of 20 enterprises will be auctioned through this year.

Mines and Energy Minister Jaime Yoshiyama, who is also president of the Commission for the Promotion of Private Investment (Copri), said at the end of a seminar: "Let us proceed with privatization at full speed." The seminar, sponsored by the World Bank, was held at El Pueblo de Santa Clara Hotel and was attended by the most well-known figures working on international privatization.

Yoshiyama, who introduced the seminar's foreign lecturers and guests during a news conference, said: "Let me make a comparison with sports. Each of those gentlemen is something like Pele in the area of privatization in their respective countries. Their experience is

invaluable for our countries." The closed-door seminar was attended by 160 executives of the special committees of those enterprises that will be privatized.

Yoshiyama added that "in addition to advising us to carry out the process with as much openness as possible, they told us that we should implement it as soon as possible." The minister said the state loses an average \$10 million a day because of inefficiency in public enterprises and that this capital should be used for building schools, hospitals, and highways to benefit the poorer classes.

In response to a question from LA REPUBLICA, Yoshiyama reported the dates and specific mechanisms for the sale of public enterprises.

He said that among the enterprises that will be sold in June and July are the Conchan refinery, Sol Gas Peruvian Company, Petrolera Transoceanica Inc., Quimica del Pacifico, Petromar-Empresas Petroleos del Mar Inc., the Inasa-Industrias Navales Inc. shipyards, Bayer Industrial, Renasa-Reactivos Nacionales Inc., and Flopesca-Peruvian Fishing Fleet Inc.

The Copri chairman said that "we are beginning a dynamic and aggressive process," adding that the Peruvian Shipping Company will be sold by the end of the year at the latest and that at the beginning of 1993 measures will be in place for privatizing the Peruvian Telephone Company, Entelperu [National Telecommunications Enterprise of Peru], and Electrolima [Lima Electric Power Enterprise].

He added that the privatization of Enatruperu [National Urban Transport Enterprise] and Hierroperu [Peruvian Iron Mines Enterprise] will be completed at the end of September and in November, respectively.

Minister Yoshiyama said that "one month before, that is, in August, we will complete all steps for the privatization of Interbanc and the Banco Popular del Peru." He added that the so-called heavily indebted enterprises will be sold as they are and that no manipulation will be allowed by the groups that want to evade such debts.

The following questions were also asked of Minister Yoshiyama: "Will this be a total privatization process? Will the so-called strategic enterprises also be privatized?"

Yoshiyama resolutely replied: "Everything will be privatized. No public enterprise, either profitable or not, will be excluded. You can be sure that in 1995, when the government will have fulfilled its commitment to the country, we will hand over a state without the burden of inefficient enterprises that have encouraged backwardness and institutionalized bribery and that have been supported by taxes paid by all Peruvians. We will hand over a country with efficient public services, with no electric power rationing, and with telephone services as efficient as those of other countries in the continent." [passage omitted]

### World Bank Loan To Promote 'Stability'

PY2506022792 Lima LA REPUBLICA in Spanish  
18 Jun 92 Politics Section p 3

[Summary] The World Bank board of directors yesterday unanimously approved a \$400 million loan to the Peruvian financial sector. This is the third loan the World Bank has approved for Peru this year.

The loan will be disbursed in two installments. The first will total \$300 million, to be used to cancel the debt with the World Bank. The second totals \$100 million, which will be used to finance Peru's economic program.

The second disbursement constitutes the first commitment that the World Bank has made to give money to Peru in the last seven years. It has been learned that World Bank directors have praised Peru's economic program and noted the need to continue implementing the economic stability and structural reforms program.

### Russian Firm To Participate in Oil-Prospecting

PY2406172892 Lima CARETAS in Spanish  
15 Jun 92 pp 22, 23

[Text] The Russian ship Kormoran sailed on 16 June from St. Petersburg, formerly Leningrad, bound for Matarani. It carries equipment worth \$2.5 million that will be used to drill the first oil well in the Titicaca Basin. The oil prospecting is being carried out by the oil consortium Petroande Inc., the former VG Exploradores Inc. This consortium consists of the Russian company Soyuzkarta, which is represented in Lima by Vladislav Popof; the Peruvian company M. Brunswick; and Petroande Inc., headed by Engineer Jose Poblete.

The Kormoran, which will arrive in Matarani on 9 July, carries earth-moving equipment, cement mixers, drilling machines, and electrical equipment.

The Kormoran's arrival will end 20 years of oil inactivity in Titicaca Basin, which has become a focal point after a reserve of 50 million barrels of oil was detected in the area.

### Deputy Says APRA Youth To Take Up Arms

PY2406161992 Lima EXPRESO in Spanish  
13 Jun 92 p A4

[Text] Deputy Alberto Valencia reaffirmed that there is a real danger of APRA [American Popular Revolutionary Alliance] youth members' arming themselves. Well-known APRA leaders, however, minimized the importance of the report and in most cases preferred not to comment.

The APRA representative yesterday told EXPRESO that APRA Youth Movements in Ayacucho, Huancayo, and Cerro de Pasco were discussing the possibility of joining armed groups like the MRTA [Tupac Amaru Revolutionary Movement].

Valencia confirmed the willingness of some young APRA militants to organize armed groups. Valencia said APRA youth leaders told him that directly.

After ratifying his report, Valencia insisted that the APRA Executive Committee is doing everything possible to dissuade APRA youth members from taking up arms. In this respect, Valencia praised the work of APRA Deputy Secretary General Mercedes Cabanillas, who has taken over the party leadership in the absence from the country of APRA Secretary General Alan Garcia Perez.

Cabanillas said that those who insist on taking a violent solution will be forced to resign from the party, which "will follow the legal path, just as it has done from the day it was created."

#### Shining Path Using Children in Activities

PY2506031092 Lima EL COMERCIO in Spanish  
15 Jun 92 p A12

[Text] The Shining Path has used minors in its terrorist activities from the very beginning. In so doing, if the children are arrested, Shining Path crimes go unpunished, while the children gain their freedom when they come of age.

The Shining Path has organized the participation of minors through the so-called "People's Children Movement" [Movimiento Infantil Popular], and the "People's Youth Movement" [Movimiento Juvenil Popular].

The People's Children Movement is composed of children up to 13 years old, the so-called "pioneers." The People's Youth Movement is composed of youngsters up to 17 years. Through this group, they join the groups in charge of armed actions, including murders.

Several "pioneer" schools have been detected in Lima. The first of them was noted in mid-1991, when the Army intervened in the "Jorge Felix Raucana" shanty town.

At that time, it was discovered that the Shining Path was teaching its "new education." In addition to teaching mathematics, grammar, and other basic courses, the Shining Path also indoctrinated the children. Pictures of Communist leaders and of Abimael Guzman hung on the walls of these pseudo-schools instead of pictures of Peruvian independence heroes.

The police have reported that they are aware of the existence of these "Pioneer Schools" in the Canto Grande, Juan Pablo II, and Bocanegra (Callao) areas, as well as in the shanty towns of "Alemania," "Valle de Sharon," "San Camilo," and in the Jose Carlos Mariategui and Jose Galvez areas in the southern region.

According to police agents, these movements are organized in some instances by the "People's Assistance Unit" [Socorro Popular] in urban areas, and by Shining Path columns in rural areas.

In the countryside, these groups are composed of minors, terrorists' relatives, and orphaned children.

In urban areas, particularly Lima, they are composed of terrorists' children who are handed over to the Shining Path at an early age. They are also handed over through the relatives' committee.

But even more serious is the recruiting done in schools. This shows how deeply the Shining Path has infiltrated the ranks of Peruvian teachers.

There are teachers in shanty town areas who are Shining Path members and who recruit children. They later meet with children outside school property, where they are indoctrinated. No one is doing anything about this situation.

Terrorists use children in many ways. The "pioneers" are used for intelligence purposes or for "checking" (following their victims). They are also used to retrieve pick up after an attack.

After a terrorist group attacks, the terrorists hand over the guns to a subversive designated "courier" [chasqui]. He usually is disguised as a street peddler or a pushcart driver. He places the guns in the pushcart and walks to a "pioneer" pretending to be the minor's father. They go to a "support house" where they leave the guns and later disappear.

As they grow older, minors are forced to participate in more direct actions and take part in attacks.

One of these cases is that of a minor, N.A.C., a 16-year-old who was arrested in May while carrying explosives. She had participated in a terrorist attack. Despite her youth, this minor had already committed another offense. When she was 14 years old, she was arrested for spreading propaganda for the Shining Path. Because she was a child, she was released.

#### \* Labor Minister Comments on Pending Decrees

92SM0447A Lima SEMANA ECONOMICA in Spanish  
18 May 92 p 10

[Interview with Labor Minister Augusto Antoniolli by Verónica Zavala; place and date not given]

[Text] [Zavala] What is the status of the Law on Collective Labor Relations, which has already been made public?

[Antoniolli] It is before the cabinet. It is based on the draft previously prepared by this government, although it has some minor changes in it. Its most important feature is that it reduces the state's role in the fields of collective bargaining, trade union activity, and strikes.

[Zavala] What will some of the changes be?

[Antoniolli] For example, in the field of collective bargaining by trade union, branch of activity, or company, the Ministry of Labor will have to intervene to determine

the percentage categories on which the negotiations should take place. Thus, for example, it cannot be expected that everyone would obtain the same salary increase through banking negotiations, because the situation affecting one group of banks can be radically different from that of other groups of banks. These categories would have to be worked out beforehand by an effort involving coordination between the various sectors of the industry. The law is not the problem that most concerns us at present, but rather the way of administering such laws.

[Zavala] How would strikes affecting basic services be covered in this legislation?

[Antoniolli] Certainly, there are companies or institutions whose services cannot be interrupted but whose workers have the right to strike. In these cases it is proposed that the companies will commit themselves to providing a basic level of service. At the beginning of every year, the workers would provide a list identifying those workers who would provide emergency service in such cases.

[Zavala] Would the worker be paid if a strike was declared illegal?

[Antoniolli] This is a subject in collective bargaining legislation on which there are different points of view. If we decide that paying the workers for the days when they did not work is appropriate, we would be legislating against what is stipulated in a convention of the ILO [International Labor Organization] and in the budget law. If we did the contrary, we could be committing an injustice, because it is not proper for a claim involving a legitimate right to harm the interests of the workers. Solidarity strikes are a different matter. In no case can we authorize payment, although the trade unions do not share this view.

[Zavala] When will the law enter into effect?

[Antoniolli] The law is practically ready. Only a few adjustments need to be made. Nevertheless, after it is promulgated, we would need a waiting period of 90 to 180 days on some points because the Ministry of Labor does not have the administrative capability to implement these sections. Some aspects involve simple action to implement them, such as taking note of the fact that a trade union no longer exists and so beginning the process of dissolving it. However, other aspects are more complicated.

[Zavala] If the new law provides for the recognition of several trade unions, how would collective bargaining negotiations be handled?

[Antoniolli] Although there may be several trade unions within a given company, it is not possible for an employer to have to carry on two collective bargaining negotiations. In that sense, we want to combine the negotiations and make sure that there are no differences between what one or another trade union could obtain.

Therefore, we will encourage the trade unions in a given company to negotiate among themselves so that the list of claims to be negotiated with the employer will cover the majority of the workers. If the different trade unions do not reach agreement, the Ministry of Labor would determine what the list of claims would be. This is a change from the previous draft law.

[Zavala] Will there be changes in the law passed in 1991?

[Antoniolli] Changes will only be made in terms of transitional provisions, but not as far as the basic legislation is concerned. The changes reflect the fact that, under present circumstances, it is not possible to apply some of the periods of time stipulated in the previous law. For example, in the Law for the Promotion of Private Investment it was provided that if there is no agreement reached in collective bargaining negotiations before 3 June, the Ministry of Labor would resolve the matter, taking into account production and productivity. We need to prepare a standard that provides that the parties involved will have to reach an agreement because, quite simply, it is not possible to comply with that goal.

[Zavala] Will the Law on Job Promotion be included in the General Labor Law?

[Antoniolli] The legislative decree will be included practically in its entirety and without major changes. However, also included will be the subjects of women's and children's labor, the length of the work day, vacations, overtime, contract work by foreign nationals, trial periods for new workers, and, in general, everything related to the individual work contract.

[Zavala] Could this imply greater flexibility in labor stability?

[Antoniolli] We must keep clearly in mind that absolute labor stability does not exist for new workers because, in their case, rehiring is not obligatory. From that point on, we have two possible paths to follow to achieve flexibility: obligatory retirement at a certain age or providing that labor stability would also be relative for workers previously hired. However, no decision has been made as yet in this respect.

[Zavala] What can be expected regarding trial periods of work?

[Antoniolli] In some cases, the solution to the problem of the work load meant by labor legislation does not lie in that direction. The problem comes up because of its connection with absolute job stability, membership in trade unions, the working community, and social benefits. What must be resolved are the problems that could come up regarding these subjects. Therefore, we will not propose to broaden or change that.

**\* Economist Views Problems of Financial Sector**  
92SM0447B Lima SEMANA ECONOMICA in Spanish  
11 May 92 p 14

[Interview with economist Felipe Morris by Aurelio Diaz; place and date not given]

[Text] [Diaz] What do you think of the run on dollar deposits?

[Morris] The withdrawal of \$150 million to \$200 million at a time when the financial system did not have an excess of liquidity, together with difficulties in achieving a speedy recovery, must have caused serious liquidity problems for some banks in meeting their reserve requirements.

[Diaz] What is the situation regarding the portfolio of bad loans?

[Morris] It is definitely larger than it was a year ago. According to a letter sent by the Superintendency of Banking and Insurance [SBS] to the prime minister, the total bad loans portfolio held by the commercial banking sector increased from 13 percent of assets in December 1990 to 18 percent by December 1991.

[Diaz] Why the deterioration?

[Morris] The problem did not originate in the financial sector. Although there are always exceptions, there are capable and motivated bankers in Peru. The deterioration is the inevitable result of the stabilization program—the prolonged recession, high interest rates, and delays in meeting foreign exchange obligations—which have created difficulties in payments by debtors.

[Diaz] What should be the role of the SBS in this respect?

[Morris] To prevent the problems of the real estate sector from being passed on to the financial sector, the SBS should establish clear rules to prevent excesses by some bankers. The SBS has made a detailed review of credit operations and of the increase in bad loans held by the commercial banks. It has even ordered the establishment of a reserve equivalent to 25 percent of the balances due on loans considered in default. Furthermore, there are provisions requiring certain conditions to be met for the refinancing of loans that face repayment difficulties. Nevertheless, it is an illusion to think we are going to resolve the problem of bad loans by issuing SBS directives.

[Diaz] What are the solutions?

[Morris] There are two choices. One is to wait for economic recovery to resolve the bad loans problem. The other solution is for the government to carry out a generalized salvage operation, as was done in Chile and Bolivia. This implies that the government would buy up the portfolio of bad loans or adopt an arrangement under which the portfolio of bad loans held by the banks would be refinanced at a lower rate of interest. For example, in Bolivia about \$70 million in bad loans were refinanced

at an annual rate of 15 percent, payable in dollars, whereas the original loans were issued at rates between 24 and 28 percent.

[Diaz] Should the government take action in this direction at the present time?

[Morris] These are not market solutions and, as such, are not the most convenient. What is certainly required is for the SBS and the BCR [Central Reserve Bank] to undertake a detailed review of the situation facing the banks in order to be able to deal in a timely way with an eventual salvage operation, if this should become necessary.

[Diaz] Why do the efforts made by the banks to reduce their operating costs seem inadequate?

[Morris] Operating costs are definitely high, in view of the reduction that has taken place in financial margins. In 1991 the ratio of operating costs to total assets was significantly high in some banks. For example, the CAL [expansion unknown] had a ratio of 33 percent; the CCC [Commercial Credit Company] had a ratio of 26 percent; Nor Peru [Bank of Northern Peru] had a ratio of 21.6 percent; Interbank had a ratio of 14 percent; the Bank of Lima had a ratio of 10.7 percent; the Credit Bank had a ratio of 10 percent; and the Continental Bank had a ratio of 9.0 percent. Obviously, these costs exerted pressure on the increase of active rates of interest and had a negative impact on loan portfolios. Therefore, greater efforts should be expected in 1992 to continue reducing costs.

[Diaz] What other factors raise the banking spread [preceding word in English]?

[Morris] Since the "self-coup" [coup d'etat carried out by President Fujimori] the increased risk faced by the country has resulted from the fact that very few people wish to deposit money in the banks unless they are paid 10 or 11 percent interest annually. If we add to this the fact that 50 percent of what is collected must be deposited, the result is that the floor of the base rate on assets is 11 percent, plus 50 percent of the base rate, that is, a total of 16.5 percent annually. In addition, if you add the collection costs, the rate can rise as high as 18 percent. If the operating costs of the banks are added to this—which in very few cases amount to 5 percent of assets—you reach a rate of 23 percent annually.

[Diaz] What should the government do?

[Morris] In the overall context of monetary policy, the government should reduce the reserve requirement in foreign exchange.

[Diaz] The government states that a reduction of the reserve requirement in U.S. dollars would contribute to depressing the rate of exchange even further.

[Morris] That is relative. Or, rather, it seems to me that the high level of reserves has raised the structure of active interest rates, causing many businessmen to draw

down their deposits to avoid rates of 23 percent annually. The procedure consists of using these funds to avoid increasing local indebtedness or as a guarantee to obtain loans at lower rates of interest. The government has to analyze the matter of the reserve requirement more carefully. It seems that to ensure that, over the short term, there will be fewer U.S. dollars in circulation, and a high reserve requirement has been maintained, no matter what the cost. Nevertheless, there are economists, such as Vittorio Corbo, who consider that a significant reduction in the reserve requirement would reduce the influx of U.S. dollars because of its effect on interest rates. In this respect, the experience of Chile and Bolivia is illustrative. Both countries unified their deposit requirements in U.S. dollars and local currency and avoided problems of overvaluation through good monetary management. In the case of Bolivia, the cost of monetary policy resulted in a quasi-fiscal deficit considered by everyone, including the IMF, as the lesser of two evils.

### Venezuela

#### President Perez Delivers Army Day Speech

PA2406175892 Caracas Television Networks  
in Spanish 1523 GMT 24 Jun 92

[Speech by President Carlos Andres Perez on Venezuelan Army Day at Carabobo Battlefield in Carabobo—live]

[Text] Officers and soldiers of the Venezuelan Army: On this glorious Carabobo Day, I am altering the traditional message delivered to Army officers and soldiers to speak to you clearly with words of commitment in these difficult and confusing times.

Officers and soldiers, I am speaking to you and, through you, to all the people of Venezuela, with truth and firmness, as the man who, based on a constitutional mandate, commands the civilian and military hierarchy in the nation. I will not renounce this high position until a fellow countryman, elected by the people in secret and general elections, replaces me as president on the appointed date and at the National Congress. This is a commitment and a responsible decision by a person who has never hesitated to fulfill his duties.

In the midst of our difficulties, it is necessary that my fellow countrymen listen to the firm and calm voice of one who was chosen, by fate and the will of the people to be at the helm during this historic and complex transition period.

There is no better or more exalted platform than this, the Carabobo Battlefield, great field of the newborn fatherland, to commemorate the anniversary of the battle that made us free. This is a day for paying homage to and for remembering the Army of yesteryear, which we honor by honoring today's Army, the legitimate heir of past glories that has added new glory because of its attitude. All

Venezuelans became aware of this attitude when the Army's democratic strength was tested, giving the Army another opportunity to show its dignity and greatness.

As the representative of all the Armed Forces, the Army, abused by errors and omissions and by a structural crisis that is demolishing the foundations of an old society, embodies the strength of our democracy. This strength supports the drive and hope of a new society, forged during years of significant transformations within the context of worldwide repercussions.

This is what we are experiencing in Venezuela, even if we do not understand it. History is taking an irreversible turn, and such momentous events never take place without contradictions and wounds. We could not hope for more favorable conditions. This is a political, social, economic, and cultural transformation. We are enduring severe reactions from civilian society, which rejects persistent past behavior, as well as the adjustments mandated by change.

These days, corruption, quick fortunes, corrupt state, and private sector mechanisms are the most serious obstacles. They have an impact that is startling and erodes the people's belief in their institutions and leaders.

It is not true that the majority of businessmen or military commanders is corrupt. This is an obvious lie that undermines the nation's trust and serves as a pretext for undertakings that will only bring disgrace and catastrophe to Venezuelans.

For this reason, we must continuously ask ourselves: Just how far do we plan to go before we destroy ourselves?

On this 24 June, it is good to say this in Carabobo: In spite of the uncertainty and confusion we are experiencing, we must not be pessimistic. Unfortunately, what is happening is the result of an accumulation of vices and corruption which society now views as intolerable.

Civilians are the ones who have the strength to react, those Venezuelans who feel free. Reactionaries are also present in this environment of reaction and change, but they appeal to violence and disorder. The presence of those who still support subversion is still felt. We must be patient and flexible but not yielding, complacent, or weak. We must fight without overindulgence against those who are acting outside the law. We must confront illegal businesses without fear. This position is what is expected from the government. The people are the best judge of our conduct and of the conduct of others who may confront us.

I chose this site and this day to say these things to the Venezuelan people because the conduct of the Armed Forces must be an inspiration to us, especially today when we are living in difficult times. The Armed Forces

is an excellent example for us; it has fulfilled its constitutional duties and shown us that unity is the firm foundation on which to build and strengthen solidarity among Venezuelans.

Today, the unity of the Armed Forces must be the greatest example to be followed by the Venezuelan people. All of us here today, as we watch our Army march on the same field that our first Army filled with glory, can see that attempts to undermine our Armed Forces' unity have been useless. We proudly affirm the trust and faith of the Venezuelan people in the Armed Forces. We will make the Armed Forces' display of unity a symbol of what we all must do to restore trust and together advance along the path of rectification that we have undertaken. Other Latin American nations have done the same at the cost of unavoidable penalties and sacrifices.

I know there is confusion and there are excesses, as well as deficiencies and contradictions, in our present situation. We are implementing a Difficult and, at times, unpopular task in order to modernize and change. In the meantime, extreme rhetoric has gained ground. Too much time is wasted predicting disaster and spreading rumors. They want to misinform and disenchant us. This is, however, not what is happening in Venezuela. We are leaving behind our mistakes and failures. Even though corruption continues to feed on a vast framework of interests, everyone is fighting it. Corruption exists not because of democracy but despite it. We are worried, however, by destructive criticism that undermines our will because it immobilizes the nation.

Officers and the rank and file of the Venezuelan Army, we have heard the firm but optimistic words of the division general, your commander. He expressed the strength and determination of the Armed Forces—and I have no doubt that he also expressed the strength and determination of the Venezuelan people—in order to reaffirm trust in the essential values of the Venezuelan people and our democracy. We have the strength to overcome.

We are determined to follow our path without hesitation. We do not lack courage to correct our unavoidable mistakes. Without arrogance, we participated in the national agreement that the people are supporting. This national agreement unites us all in a common effort to strengthen national unity and confidence as we search for common objectives and goals in this crucial hour of modernization and important changes in Venezuela. Without relinquishing the right to report, debate, and to political confrontation, the only ethical dilemma of a citizen, either as a civilian or as a member of the Armed Forces, is the pledge not to attack the Constitution and to act honestly.

Today is Army Day. These words that I utter in homage to the Army, as head of state and as the Army's commander in chief, confirm my commitment to Venezuela. I will continue to assume full responsibility for resolving the problems we are encountering. This commitment is hereby made honestly and with unwavering determination, fulfilling the mandate that the Venezuelan people bestowed upon me and that I exercise fully as the people's leader.

Division General and Army General Commander, you have just honored me and that essentially expresses with admirable symbolism the will of the national Armed Forces. You have given me a beautiful bust of our liberator. This is the most precious gift I have ever received. The bust is inscribed with words by Simon Bolivar, with which you specify and sum up the will, the loyalty, and the dignity of the Armed Forces: A contented soldier does not seek to rule his fatherland. He is not an arbiter of laws or government. He is a defender of liberty. Simon Bolivar. [applause]

#### CTV Leader on Charges of Influence Peddling

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[Text] Deputy Antonio Rios, president of the Confederation of Venezuelan Workers [CTV], has stripped himself of his immunity in order to clear the way for any action to be taken against him by the superior court. He is accused of influence peddling.

Upon his arrival at CTV headquarters, Rios stressed that the charges against him are a smoke screen aimed at covering up some irregularities that he still does not understand. Rios said that he had no intention of going abroad as other have done; neither would he use the privilege of his parliamentary immunity to evade justice.

Although the Supreme Court justices have not sent to Congress their decision on the search warrant, Antonio Rios said he will advise the president of the Congress of his decision to give up his immunity as soon as this formality is complied with. In conclusion, Rios said he hopes to receive a speedy and just trial, without any pressure, so that his innocence can be proven. Rios commented as follows:

[Begin Rios recording] Just because I spoke in the name of [name indistinct] directorate requesting a loan for some comrades, which actually was never granted, is no reason for this to turn into, after two years, a kind of aggression against me, against the labor movement, and against many of my comrades. I do not understand this. [end recording]

Antonio Rios then said he would petition the president of the superior court for an audience to request that the trial finally get under way.